April 7, 1987

MARCH 1987 MONTHLY REPORT

Monitoring Economic Change Program

Surveys of Consumer Attitudes • Economic Outlook USA

OVERALL SENTIMENT MAINTAINED DESPITE DIVERGENT TRENDS

- In the March 1987 survey, the Index of Consumer Sentiment was 90.8, barely above the 90.2 recorded one month earlier, but below the 95.1 recorded one year earlier. In the three years since the cyclical peak of 101.0 was recorded in the March 1984 survey, the Index has moved in a narrow zig-zag pattern, nearly regaining the 1984 peak as recently as mid 1986 (99.3). The overall maintenance of consumer sentiment at high levels, however, has masked divergent underlying trends, both in the components of consumer sentiment as well as across various population subgroups.

- At the present time, consumers hold relatively pessimistic views on prospects for domestic business conditions, but continue to hold very favorable views of buying conditions for homes and durable goods. Importantly, personal financial evaluations have thus far remained favorable on balance, although little if any further improvement is expected.

- Among families with incomes of $40,000 or more, the Index fell to 96.1 in the March 1987 survey from 103.6 one month earlier, and 110.2 one year earlier. This was the lowest Index reading for high income families since the peak of 118.3 was recorded in March 1984.

- Compared with the 1984 peak, most of the decline in sentiment has been recorded among residents of the North Central and Southern regions, while sentiment among residents of the Northeast has remained largely unchanged at very favorable levels. And proportionately more of the decline has been concentrated among respondents 35 to 54 years old. The extent of the decline, however, has thus far been modest, and overall sentiment remains favorable on balance in all major subgroups.

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These data indicate that sales rates of single family homes and vehicles in 1987 are likely to remain below the peak levels recorded in 1986. The pace and extent of the decline, however, can be expected to be modest. Lagging real income growth is the major constraint on more vigorous sales.

How will the international trade imbalances and policy responses affect consumer sentiment? While it is unlikely that international trade issues will become the focus of consumer concerns, sharp increase in import prices, either via exhanage rates or import tariffs, will focus concerns on inflation. That imports have already hurt domestic production is clearly evident in consumers' assessments of the overall economy. But this has also meant that a buyer's market has been maintained, where consumers have come to expect sellers to offer price and interest rate discounts. And although employment and income gains have been small, so too have price increases. It has been this mixture of concerns and recognition of advantages that has maintained consumer sentiment at high levels during the past few years. The vulnerability of the current situation is also evident from this mixture: favorable evaluations of personal finances have become increasingly dependent on the maintenance of low inflation rates, since income gains are expected to be even smaller during the year ahead than last year. And favorable buying attitudes quickly fade in response to increases in interest rates.

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Business Conditions

The proportion of families that thought business conditions had improved during the past year fell to 45 percent in the March 1987 survey, from the 1986 high of 61 percent. and the 1984 all-time peak of 75 percent. Only 27 percent of all respondents in the March 1987 survey reported that they had heard of any recent favorable developments in the economy, down sharply from the 46 percent recorded one year earlier. In contrast, about as many respondents reported hearing about unfavorable developments in the March surveys of both 1987 (48 percent) and 1986 (47 percent). The decline in favorable news was due to fewer references to interest rate reductions, falling from 15 to 4 percent, while references to layoffs and unemployment remained at high levels in both years (23 and 20 percent).

When asked about prospects for the overall economy during the year ahead, more consumers reported that they expected an unchanged economic performance in the March 1987 survey than any other time since the mid 1960s. Among all families, 61 percent expected the performance of the economy to remain unchanged during the year ahead. Fewer families expected improvement in the economy in 1987 than 1986 (22, down from 29 percent), and fewer families expected it to worsen (14, down from 16 percent). When asked to assess these prospects, the majority reported that this meant the continuation of good times financially in the economy as a whole during the year ahead—55 percent in March 1987, just under the 58 percent recorded one year earlier. The longer term outlook, however, was not expected to be as favorable. In the March 1987 survey, more families expected the onset of a recession sometime during the next five years than expected the expansion to continue uninterrupted, by the margin of 47 to 39 percent.

The principle concern in the near and longer terms involves job prospects. Although unemployment expectations have remained largely unchanged during the past year, they have been at relatively unfavorable levels. In the March 1987 survey, nearly half of all consumers expected the national unemployment rate to remain at about its current level

during the year ahead; on the margin, however, more than twice as many expected increases as expected declines (35 versus 15 percent).

Confidence in government economic policies to control inflation and unemployment remained at reduced levels in the March 1987 survey. About as many families gave favorable as unfavorable ratings (23 versus 24 percent), with the majority judging the performance of government economic policies only fair (52 percent). Assessments of economic policies have been less favorable in 1987 than anytime since the end of the last recession.

Personal Finances

Favorable assessments of their personal financial situation were given by 41 percent of all families in the March 1987 survey, down from 44 percent one year earlier. This small decline still leaves personal evaluations at relatively high levels. The small decline was due to less favorable income trends. When asked about their prospects for the year ahead, 33 percent of all families expected their financial situation to improve, compared with just 11 percent that expected a worsening financial situation. The majority of families in the March 1987 survey expected their own financial situation to remain largely unchanged during the year ahead (53 percent).

This outlook for little if any net change in their personal financial situation is based on the expectation of somewhat smaller income increases being offset by somewhat larger price increases. Among all families in the March 1987 survey, the median family income increase expected during the year ahead was about 2%, down from 3% one year earlier, while the median expected inflation rate rose to 3% from 2.5% one year earlier. This was the lowest nominal income increase expected since the start of the current expansion, and the least favorable outlook for real income growth.

Price expectations for the year ahead as well as for the next five years or so have declined substantially since reaching peaks levels in 1980. As shown in the chart below, in the second half of the 1970s when price expectations increased substantially, the expected

inflation rate for the year ahead was higher than the level it was expected to average over the longer term. In contrast, as price expectations have declined in the years since then, the year ahead rate has been consistently expected to be below the average rate over the longer term. This, of course, follows the usual divergence of marginal from average trends. It also indicates that consumers do not consider the problem of inflation resolved, only temporarily below its longer term trend. Initial declines in short term price expectations were matched by equally large declines in long term price expectations; later declines in the short term expectations were not translated into comparable declines in the longer term average.

Buying Conditions

Attitudes toward buying conditions for homes, household durables, and vehicles have all receded from the all-time peaks recorded in 1986. Changes in the availability of price and interest rate discounts continue to dominate these attitude trends. The largest decline was in favorable car buying attitudes, which fell from 81 percent in September 1986 to 55 percent in January 1987, in response to the end of deep discounts and the sales tax deductibility. Since the start of the year, renewed incentive programs have raised favorable car buying attitudes from 55 to 66 percent in the March 1987 survey.

Attitudes toward buying conditions for homes declined the least compared with their prior peak, moving to 80 percent in March 1987 from the peak of 86 percent in April 1986. Even after this small decline, home buying conditions were viewed more favorably in the March 1987 survey than in any survey conducted prior to 1986. Declines in mortgage interest rates have been the dominant reason given by respondents for these very favorable views, cited by 71 percent in March 1987, down from the peak of 83 percent in April 1986. More families continue to mention the availability of good buys than complain about high home prices, but the margin has narrowed during the past year—from 18 to 13 percent.

Favorable attitudes toward buying conditions for large household durables slid to 71 percent in March 1987, from the all-time peak of 81 percent in June 1986. This modest decline still leaves these buying attitudes at levels comparable to the mid 1970s peak. When asked to explain their views, respondents referred to the availability of discounted prices, cited by 32 percent in the March 1987 survey, down from from 40 percent in mid 1986. Importantly, no increase was recorded in the proportion of families that complained about high prices for household durables, which stood at 7 percent in the March 1987 survey. These perceptions may be particularly vulnerable to the widely publicized proposed import duties.

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The March 1987 survey was conducted between March 1 and March 27, and included 652 completed interviews.

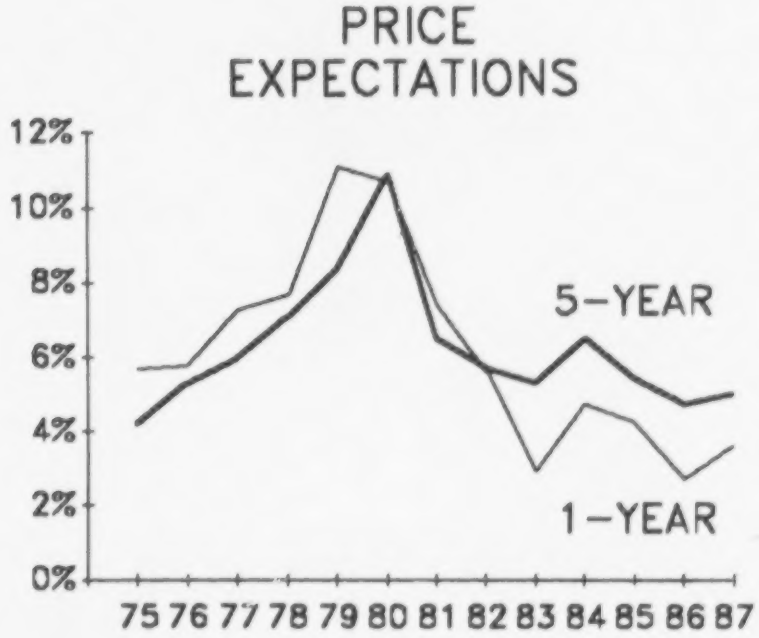

TABLE A

PRICE EXPECTATIONS

Survey Dates[a]	One-Year		5-Year	
	Mean	Median	Mean	Median
1975	5.7	4.0	4.2	2.9
1976	5.8	5.2	5.3	5.0
1977	7.3	5.5	6.0	5.0
1978	7.7	6.7	NA	NA
1979	11.1	9.6	8.4	7.5
1980	10.7	9.9	10.9	9.7
1981	7.4	6.8	6.5	6.0
1982	5.6	4.4	5.7	5.1
1983	2.9	1.9	5.3	4.9
1984	4.7	3.5	6.5	5.0
1985	4.2	3.1	5.4	4.7
1986	2.7	2.5	4.7	4.2
1987	3.6	3.1	5.0	4.5

[a]Data from February surveys for 1975-80, and from March surveys for 1981-87.

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?"
"By about what percent do you expect prices to go (up/down) on the average, during the next 12 months?"

"What about the outlook for prices over the next 5 to 10 years? Do you think prices will be higher, about the same, or lower 5 to 10 years from now?"
"By about what percent per year do you expect prices to go (up/down) on the average, during the next 5 to 10 years?"

5/14/87 U7475-2A

SURVEYS OF CONSUMER ATTITUDES

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APRIL 1987 MONTHLY REPORT

May 8, 1987

Monitoring Economic Change Program

Surveys of Consumer Attitudes • Economic Outlook USA

OVERALL SENTIMENT MAINTAINED AMID RISING CONCERNS

- In the April 1987 survey, the Index of Consumer Sentiment was 92.8, two Index-points above the figures recorded in the first three months of this year, but 3.4 Index-points below the level recorded one year ago. Overall, consumer sentiment, even if diminished from the recent cyclical peaks, has remained at very positive levels for a record period of time. To be sure, consumers do not expect anything better than continued sluggish growth in the domestic economy. But few expect a recession. While many consumers emphasized their concerns with unemployment, slow domestic growth was also expected to promote the continued availability of purchase discounts. Due to the continued availability of price and interest rate discounts, buying attitudes have been maintained at very favorable levels, and have acted to offset overall declines in sentiment. In addition, while families expected only small increases, if any, in real incomes during the year ahead, few families expected their financial situation to worsen.

- The strength of the current mixture of attitudes and expectations is that it has thus far proved more resistant to volatile responses to economic news than was true during the 1970s. More importantly, the increased emphasis on timing major purchases to the availability of price and interest rate discounts acts to dampen swings in demand (both improvements and declines). Price and interest rate increases will be met with postponement of purchases, as consumers await renewed discounting, rather than advance buying as was true with escalating inflation in the 1970s. And consumers' willingness to wait has only increased as the expansion has lengthened, and their stocks of goods as well as of debts have increased.

- The prospective weaknesses are the current areas of strength: inflation and interest rates. Significant increases in either of these areas would turn marginal improvements in real incomes into declines, and sour favorable buying attitudes. At issue is not whether, but how much, and for how long these rates will increase. Currently, there is little evidence that consumers expect a sustained resurgence in inflation and interest rates such as occurred during the past. Wage demands are thus likely to respond more slowly to rising price expectations, and rising market prices are more likely to be resisted rather than validated by stepped up purchases. The responses of the consumer sector are thus likely to limit the ability of moderately rising rates to generate and reinforce a sustained period of increases. Small increases of limited duration in interest and inflation rates will be countered by shifting the timing of purchases, rather than abandoning purchase plans in the expectation of a recession. This is a reaction that allows sellers to use purchase incentive programs to reduce the variations in sales due to short term changes in rates.

- The result is that the outlook for consumer demand is more of the same—an outlook that is only favorable when compared to the alternative. The budget and trade deficits have yet to be viewed by consumers as a significant threat to short term developments in the economy. However, a sustained period of sharp increases in inflation and interest rates, resulting from changes in the international markets (and government policy responses), could provide the basis for a recession, as consumers wait for discounts that never materialize, and inflation expectations and wage demands rise as real incomes decline. The risk of such developments, while not small enough to be dismissed, is not very likely, as it would require sharp and escalating changes over a prolonged period of time.

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Personal Finances Remain Positive

Consumers' evaluations of their own financial situation remained at favorable levels in the most recent survey, largely unchanged from one year earlier. Among all families, 42 percent reported an improved financial situation in the April 1987 survey, between the 41 percent recorded one month earlier and the 45 percent recorded one year earlier. Twice as many families cited increases as declines in family incomes (34 versus 16 percent), and few consumers complained about eroding purchasing power due to inflation (11 percent)—all comparable to last April's figures. And consumers viewed their financial prospects for the year ahead in much the same way as a year earlier. While nearly half of families in the April 1987 survey did not expect any overall change in their financial situation during the year ahead (49 percent), among the balance of families, 37 percent expected improvement compared with just 10 percent that expected their finances to worsen. This favorable, but cautious outlook, has changed little during the past year, and is based on the expectation of little if any improvement in real incomes. In the April 1987 survey, the overall median income increase expected was 3.1%—the same as the median expected inflation rate for the year ahead. (Evaluated at the sample means, the expected income increase was higher than the increase expected in prices—4.6% versus 3.7%.)

Rising Concern with Interest Rates

News heard by consumers about recent economic developments is much less positive that a year ago, with greater concerns expressed over interest rate trends. Favorable news items were reported by 27 percent of all families in the April 1987 survey, about half the frequency recorded a year earlier (55 percent). Reports of unfavorable developments posted an increase during the past year, rising to 52 from 43 percent, as did the proportion of consumers that reported hearing of no new developments (46, up from 38 percent). Interest rates were expected to increase during the year ahead by 57 percent of all families in the April 1987 survey, up from 49 percent one month earlier, and 37

percent three months earlier. Since the start of the year, the proportion that expected interest rate declines fell to 11 from 25 percent.

Although nearly as many consumers expected the economy to improve as to worsen during the year ahead (21 versus 18 percent), the majority expected the performance of the economy to remain largely unchanged in the April 1987 survey (60 percent). When asked to evaluate these prospects, 51 percent of all families thought that this would mean the continuation of good times financially in the economy as a whole during the upcoming year. While there has been little change in consumers' evaluations of the short term outlook, prospects for the economy over the longer term have improved. In the April 1987 survey, 41 percent of all families expected good times financially over the next five years, up from 30 percent in January. Despite this improvement, more families still expected a renewed recession during the next five years than continuous good times (44 percent in April, down from 53 percent in January).

Buying Attitudes Reflect Rising Rates

Favorable attitudes toward buying conditions for large household durables were held by 74 percent of all families in the April 1987 survey, between the 71 percent recorded one month earlier, and the 75 percent recorded one year earlier. Although the availability of price discounts remained the primary reason given by consumers for these very favorable attitudes, the April 1987 survey recorded an increase in references to buying-in-advance of rising prices (rising to 20 from 14 percent in March), reflecting concerns about prices for imported household electronic goods. This response to rising prices is specific to this market, as buy-in-advance rationales have not increased in the other markets studied.

Attitudes toward buying conditions for homes remained at very favorable levels in the April 1987 survey, with 82 percent of all families holding favorable views, reflecting only a small decline from the all-time peak level of 86 percent recorded one year earlier. References to low mortgage interest rates remain the primary reason consumers give for

these very favorable attitudes. However, in the April survey, the proportion of families that mentioned the current availability of low mortgage rates fell to 60 from 66 percent one month earlier, while favorable references to borrowing-in-advance of rising interest rates rose to 11 from 5 percent (see Table 1 and Chart B).

The proportion of families holding favorable attitudes toward buying conditions for vehicles fell to 64 percent in April 1987, from 66 percent one month earlier, and 73 percent one year earlier. Although references to the availability of price discounts rose in frequency to 28 percent in April 1987 from 22 percent one year earlier, the frequency of favorable references to interest rates fell to 40 from 54 percent one year earlier (see Chart C).

The repeated and extensive use of discount programs has made the size of the discount, not simply it's availability, the focal point of these programs. Discounts on interest rates offered on new vehicle purchases are currently judged by the deep discounts offered last fall. Only progressively larger discounts can sustain the impact. This comparison standard will change, however, when consumers expect interest rates to increase and remain high over an extended period. Although consumers now do expect interest rates to rise, the expected extent and the duration of the increases are not large enough to lead consumers to revise their standard for judging the available discounts. Such resistance to change, caused by habituation, is a characteristic of past cycles, where responses learned during periods of economic expansion are transformed only during subsequent periods of recession.

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The April 1987 survey included 652 completed interviews, conducted between April 1 and April 28, 1987.

TABLE 1

REFERENCES TO INTEREST RATES IN SUPPORT OF FAVORABLE BUYING CONDITIONS

Survey Date		Durables		Houses[a]		Vehicles	
		Low Rates	BIA[b] Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
January	1985	10%	1%	42%	7%	21%	2%
February	1985	9	2	42	8	23	1
March	1985	8	2	38	10	21	2
April	1985	10	3	34	13	22	3
May	1985	9	2	35	8	25	3
June	1985	11	2	50	6	32	3
July	1985	13	1	51	6	33	2
August	1985	15	*	54	4	35	1
September	1985	14	1	51	5	45	1
October	1985	14	1	48	7	40	1
November	1985	10	2	45	7	38	2
December	1985	11	1	47	6	35	2
January	1986	17	1	55	5	50	1
February	1986	18	2	60	4	51	2
March	1986	21	1	73	4	52	2
April	1986	27	2	78	5	52	2
May	1986	30	1	76	4	57	1
June	1986	30	1	78	5	59	3
July	1986	25	1	70	7	52	1
August	1986	25	1	73	5	51	1
September	1986	29	*	74	5	70	3
October	1986	24	2	69	6	55	3
November	1986	22	3	69	6	42	2
December	1986	17	1	68	5	43	2
January	1987	19	1	65	4	32	2
February	1987	20	1	68	6	36	2
March	1987	21	2	66	5	43	1
April	1987	18	3	60	11	37	4

*Less than 0.5 percent.

[a] Also includes homes, home repairs and real estate.

[b] The proportions given above provide greater detail than is reported in the monthly tables (see Tables 22, 24 and 26). The figures above divide the total proportion of respondents that made favorable references to credit conditions into those respondents that referred to the current availability of *low interest rates*, and those that referred to *borrowing-in-advance* (BIA) of rising interest rates.

CHART A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

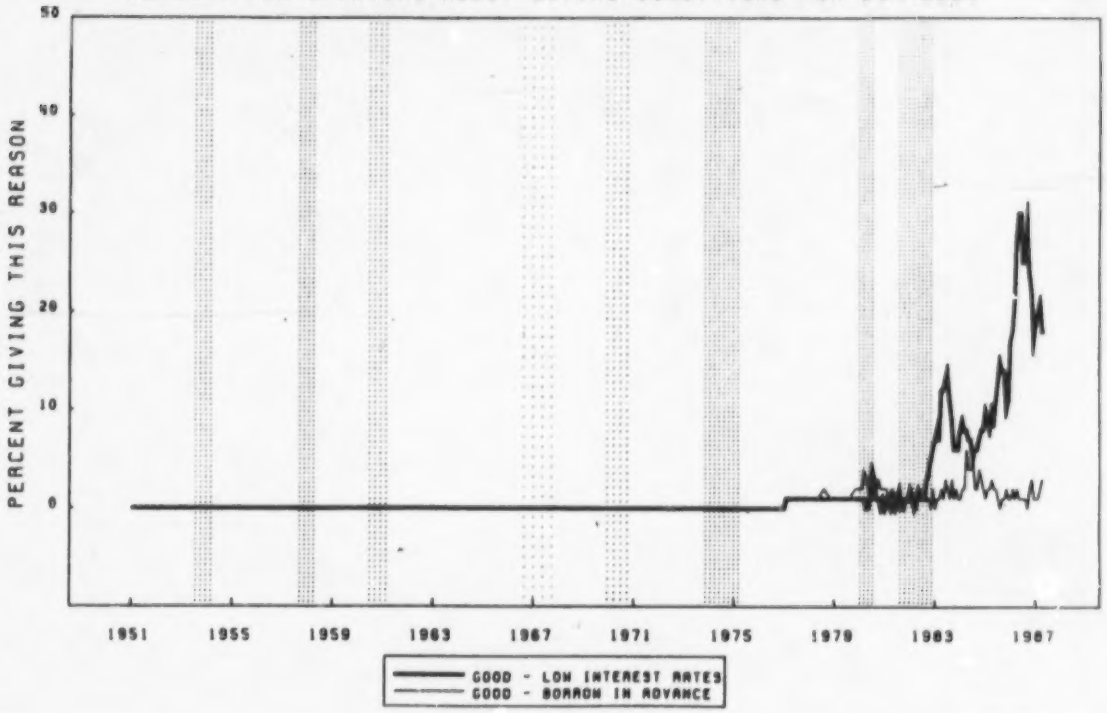


CHART B – HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

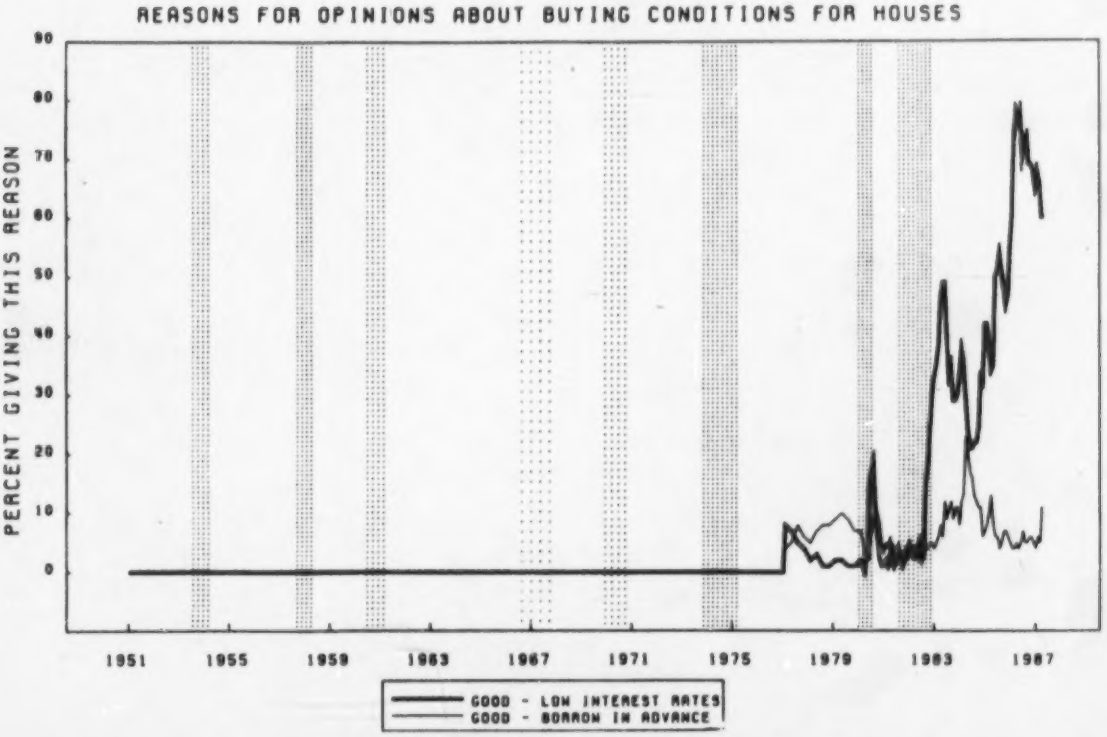
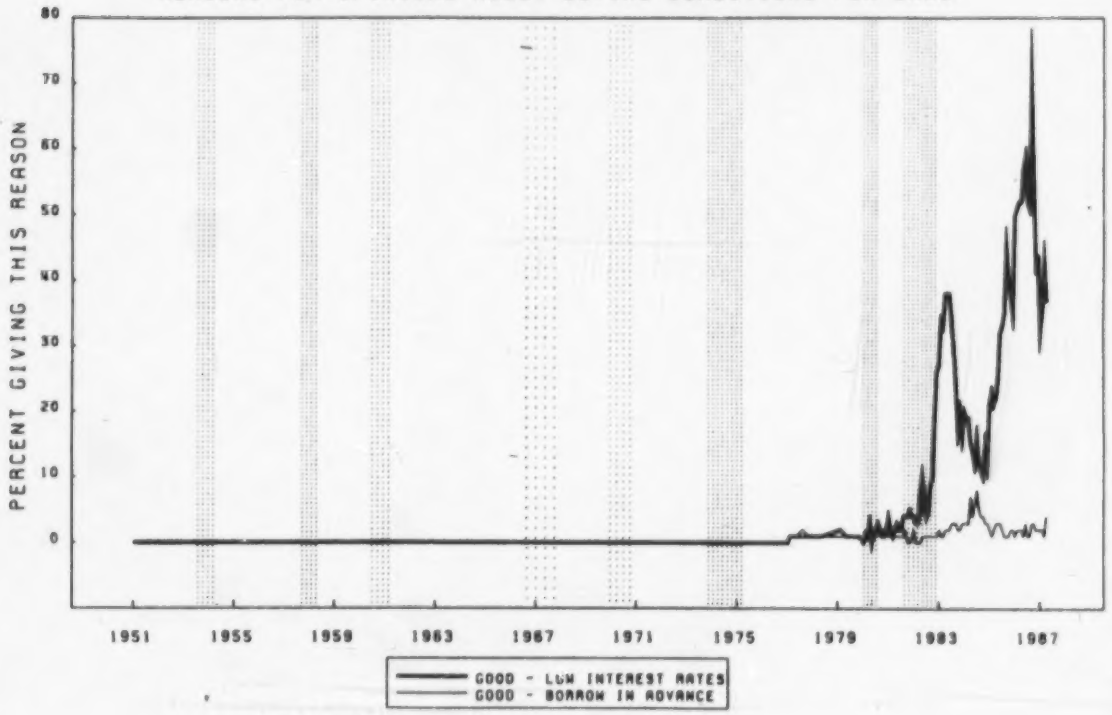


CHART C - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



TABLES AND CHARTS

APRIL 1987

The April 1987 survey is the 225th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

(C) The University of Michigan, 1987

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

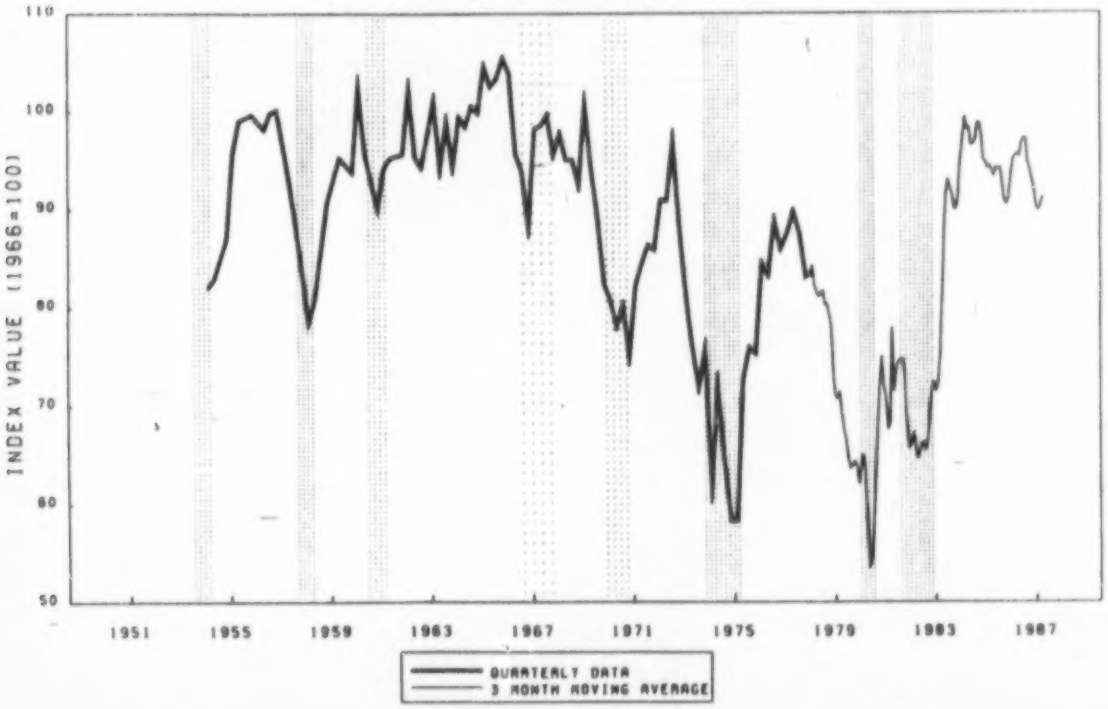


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
April 1984	96.1	107.0	107.8
May 1984	98.1	107.8	108.9
June 1984	95.5	105.5	108.6
July 1984	96.6	102.7	109.2
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0
February 1987	90.2	103.6	103.6
March 1987	90.8	97.8	96.1
April 1987	92.8	98.5	103.1

CHART 2A - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

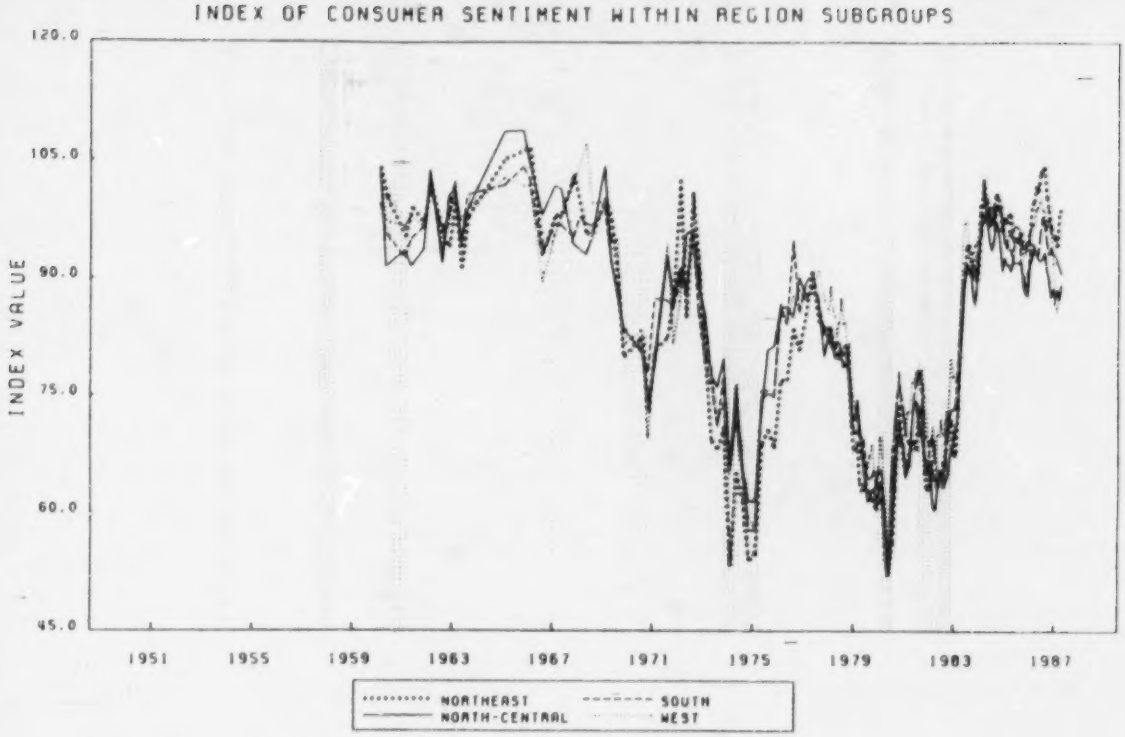


CHART 2B - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

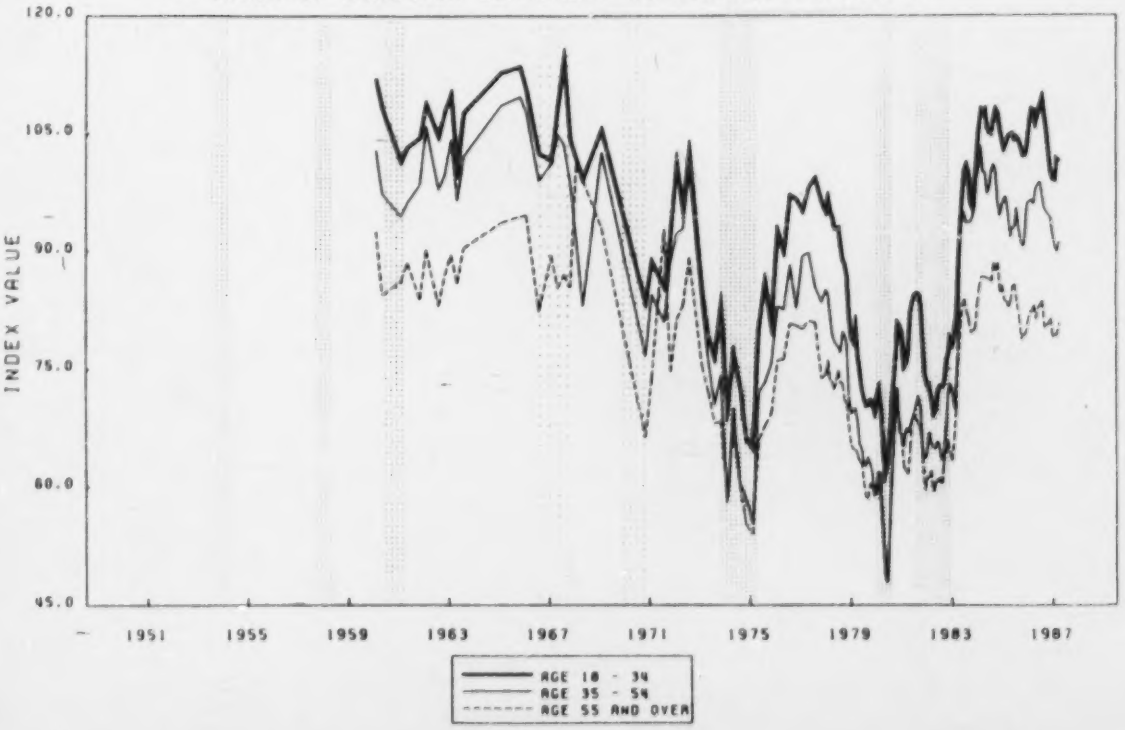


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
April	1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April	1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May	1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June	1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July	1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August	1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September	1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October	1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November	1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December	1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January	1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February	1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5
March	1987	104.6	86.3	87.5	91.2	106.4	89.3	77.7
April	1987	99.4	91.7	93.7	87.2	99.0	95.1	83.5

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

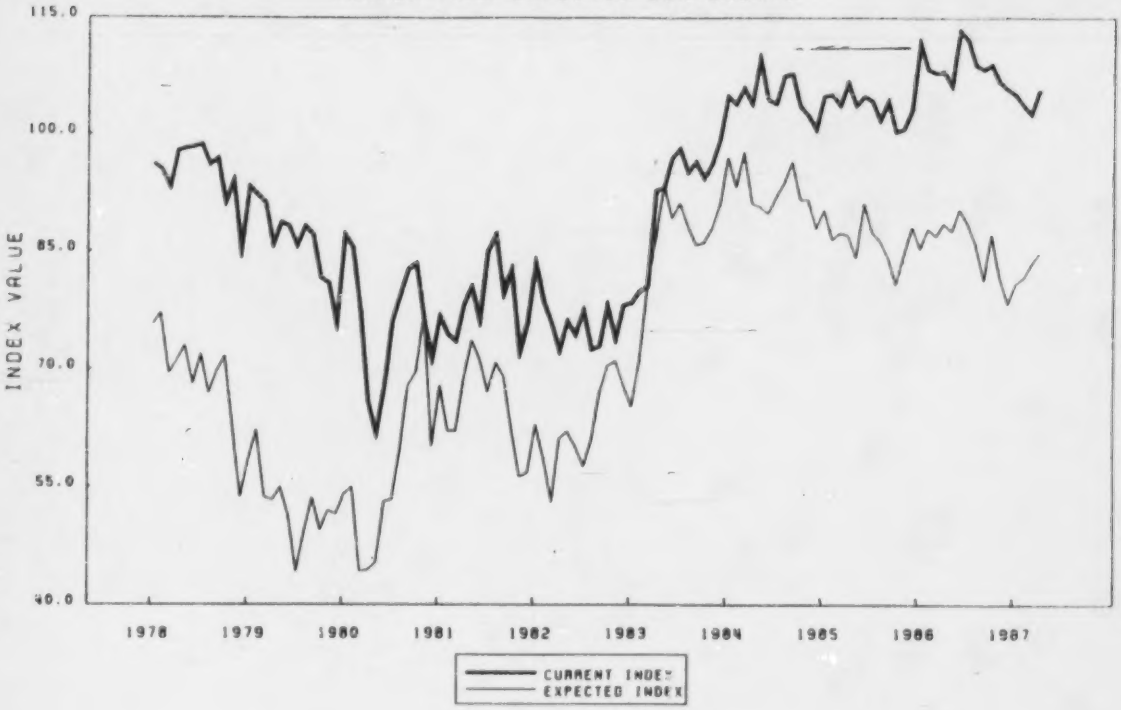


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

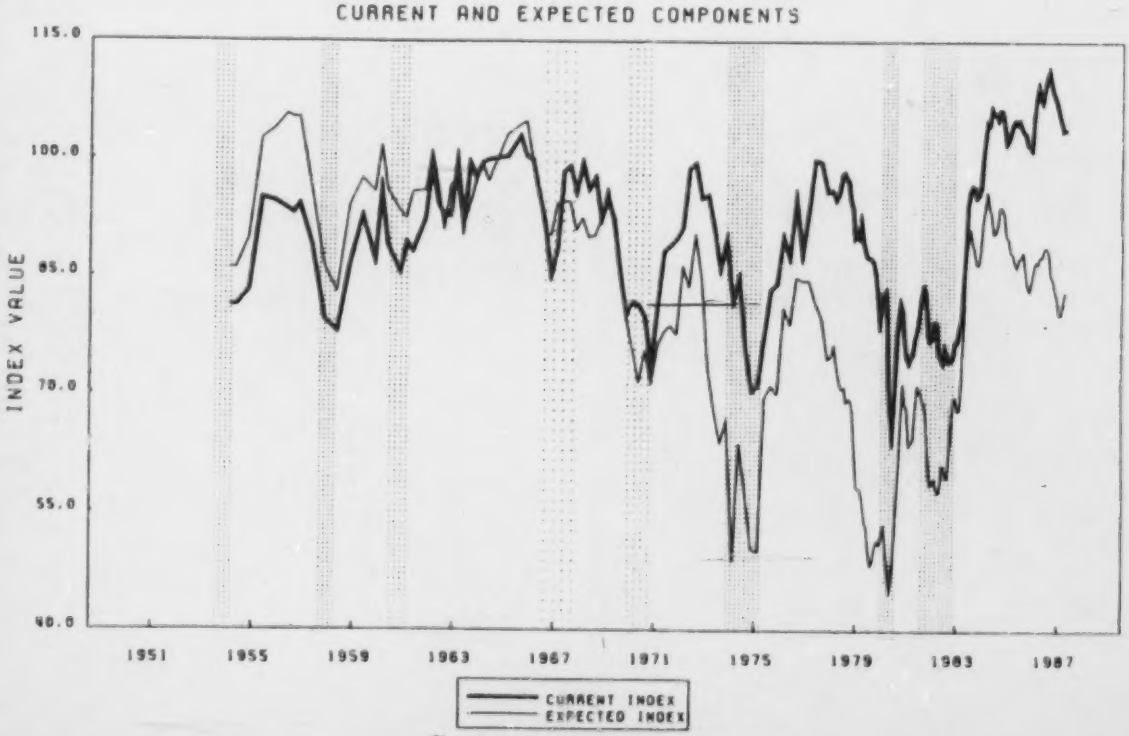


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current (1)	Expected (2)	12 months (3)	5 years (4)	Buying conds. (5)	Current Index (1,5)	Expected Index (2,3,4)
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9
September 1986	120	127	115	84	161	108.3	81.3
October 1986	120	127	124	99	162	108.9	87.1
November 1986	121	121	120	87	155	106.7	81.6
December 1986	116	127	104	83	158	105.8	78.3
January 1987	120	130	117	77	152	105.1	80.9
February 1987	115	126	117	84	153	103.7	81.6
March 1987	114	122	121	92	152	102.5	83.3
April 1987	116	127	116	97	158	105.5	84.7

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.
+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

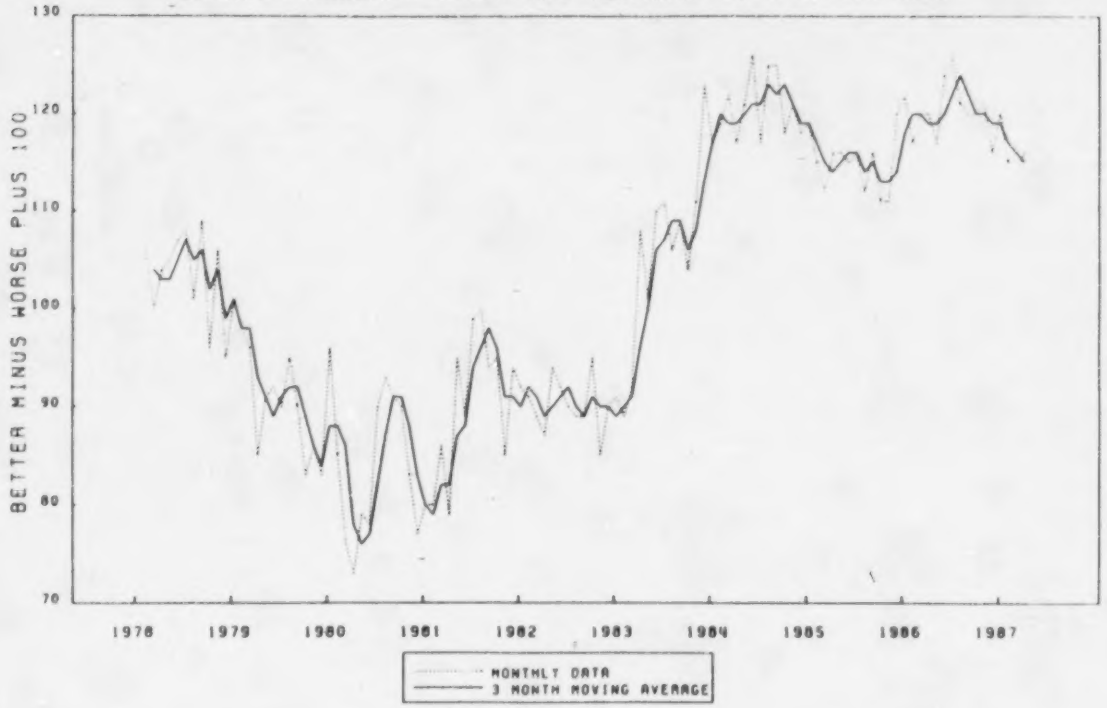


CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

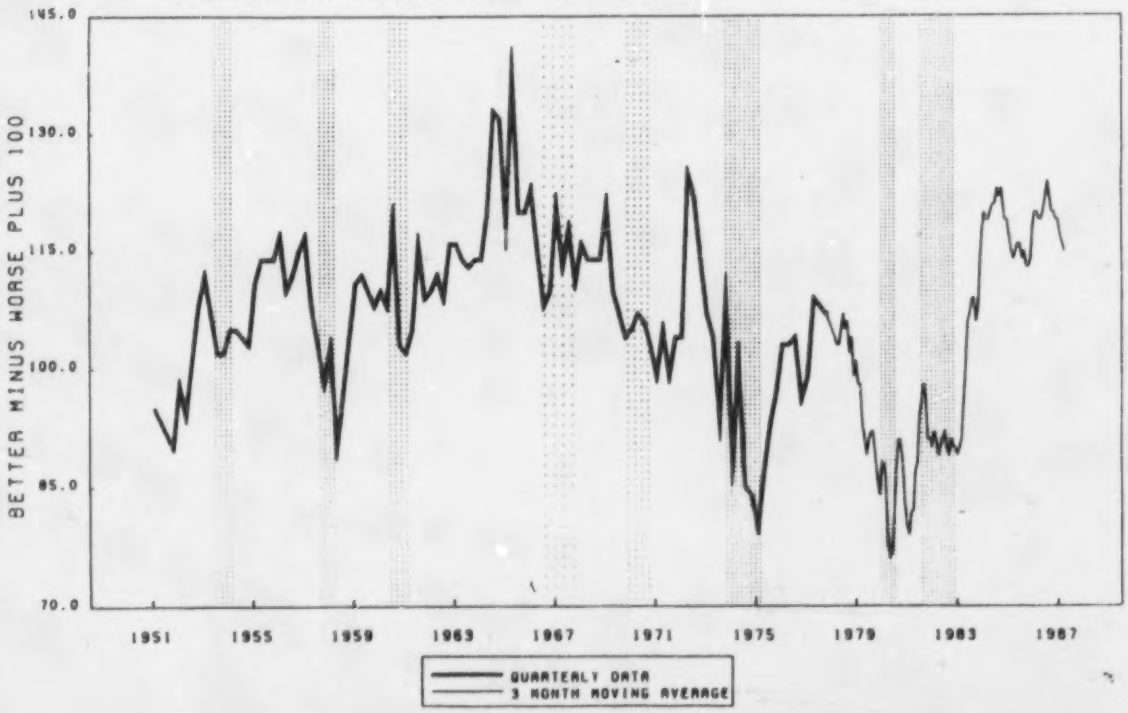


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER OFF	45%	42%	47%	49%	46%	45%	44%	43%	43%	45%	44%	41%	42%
SAME	30	33	29	28	28	30	32	35	30	29	27	32	32
WORSE OFF	25	25	23	23	25	25	24	22	27	25	29	27	26
DK,NA	*	*	1	*	1	*	*	*	*	1	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

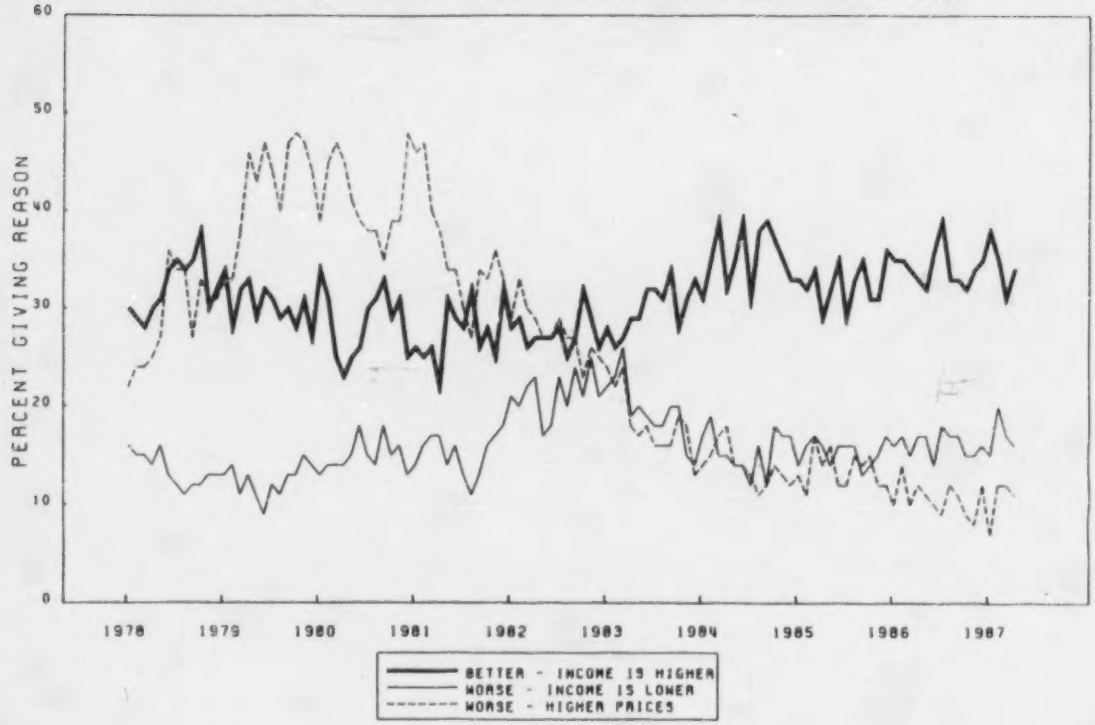


CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

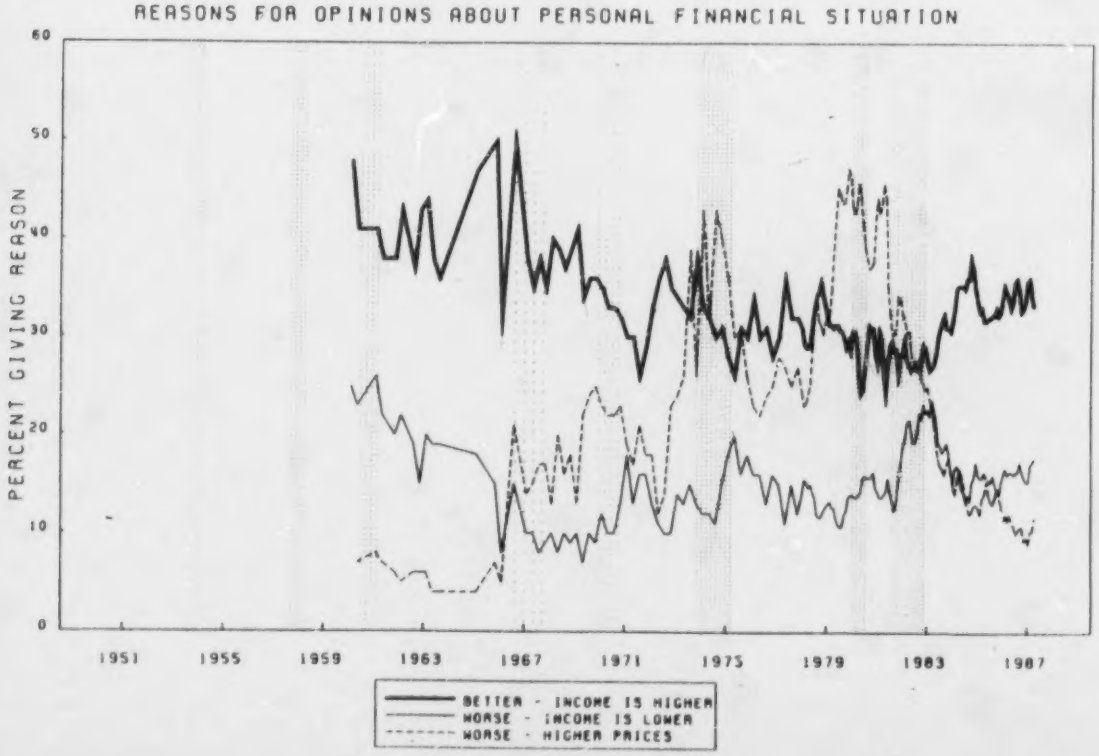


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	33%	32%	36%	39%	33%	33%	32%	34%	35%	38%	35%	31%	34%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	17	14	18	17	17	15	15	16	15	20	17	16
Higher prices	12	11	10	9	12	11	9	8	12	7	12	12	11

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

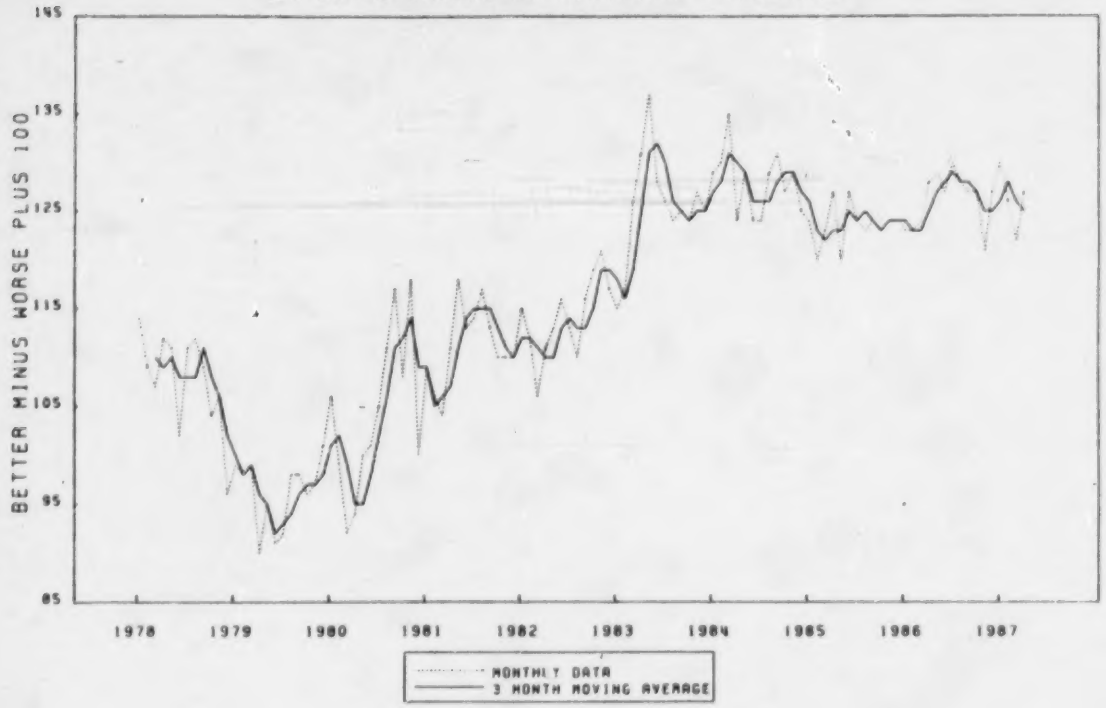


CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

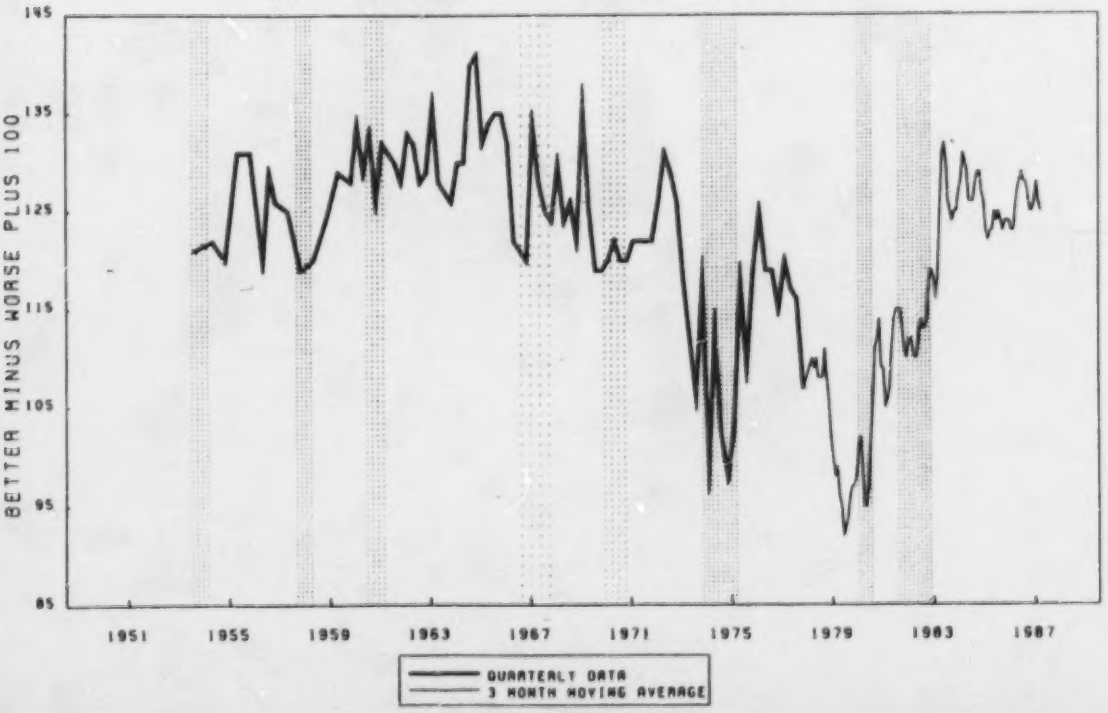


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER OFF	38%	40%	38%	38%	39%	38%	37%	33%	36%	39%	38%	33%	37%
SAME	49	47	49	52	48	47	51	52	52	48	48	53	49
WORSE OFF	10	11	11	8	11	11	10	12	9	9	12	11	10
DK,NA	3	2	2	2	2	4	2	3	3	4	2	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

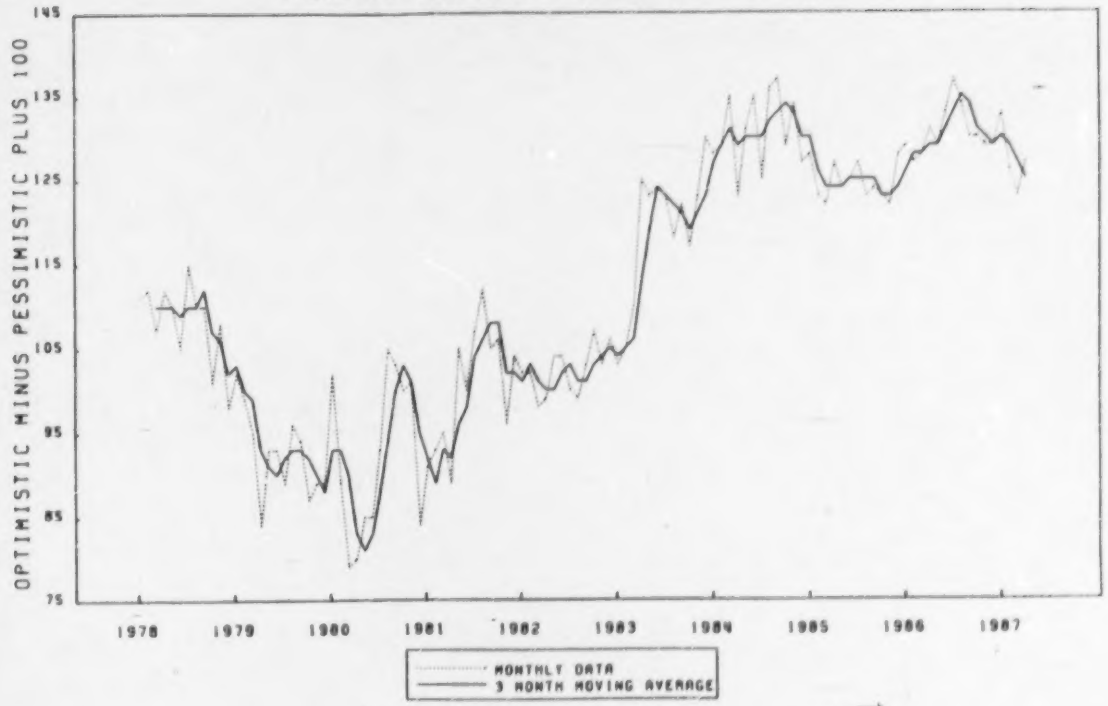


CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

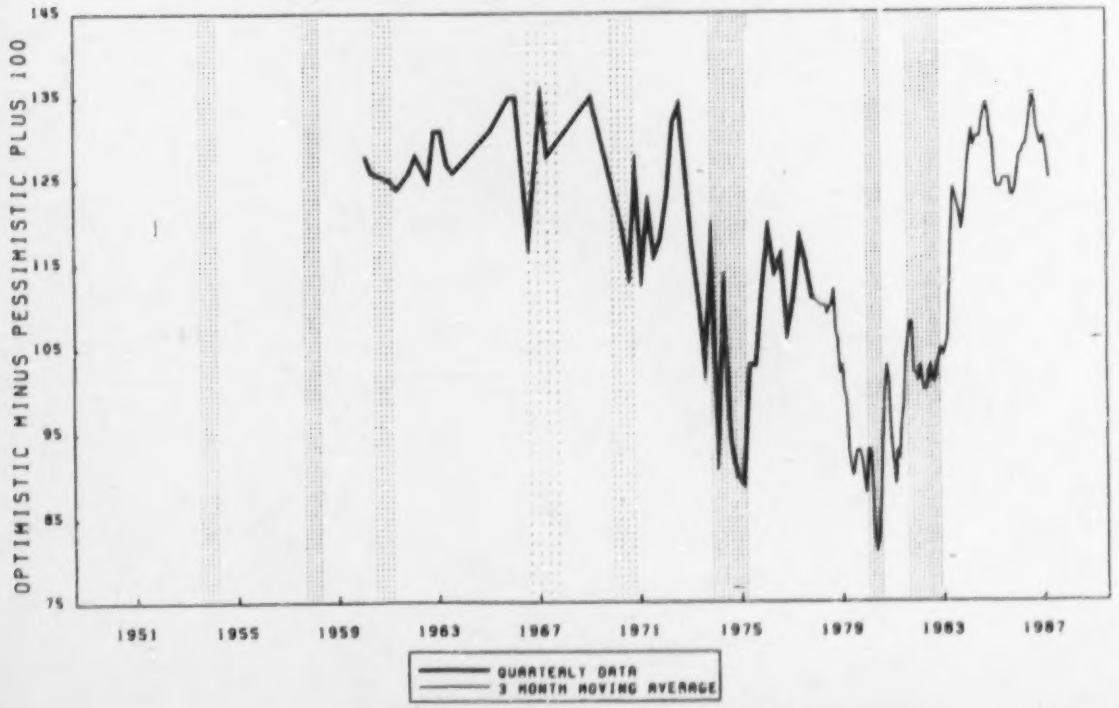


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	23%	22%	22%	23%	21%	21%	22%	18%	18%	22%	22%	19%	19%
Intermittant increase (b)	28	26	29	29	32	29	27	29	29	28	27	25	28
Remain unchanged (c)	16	19	18	19	15	16	19	22	19	17	15	22	17
Intermittant decline (d)	16	15	14	12	13	15	16	13	14	14	17	16	17
Continuous decline (e)	4	4	4	3	6	5	3	5	4	3	6	5	3
Mixed change (f)	10	11	11	11	11	10	11	10	13	12	11	10	12
DK,NA	3	3	2	3	2	4	2	3	3	4	2	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

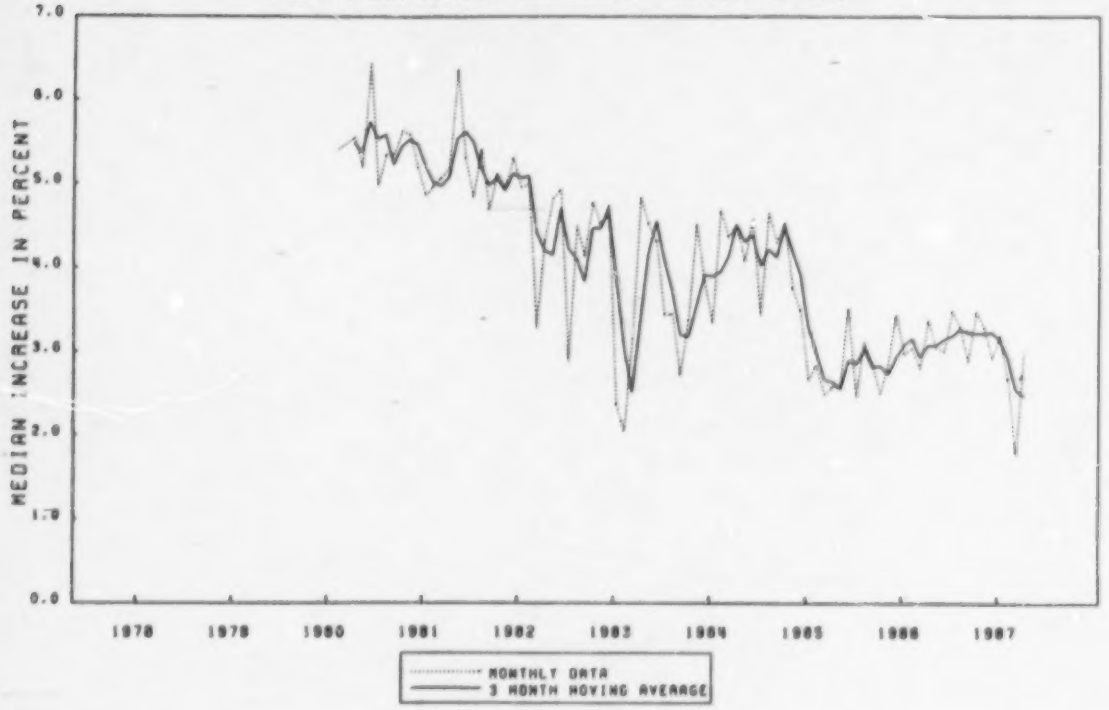


CHART 8 - HISTORICAL SERIES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

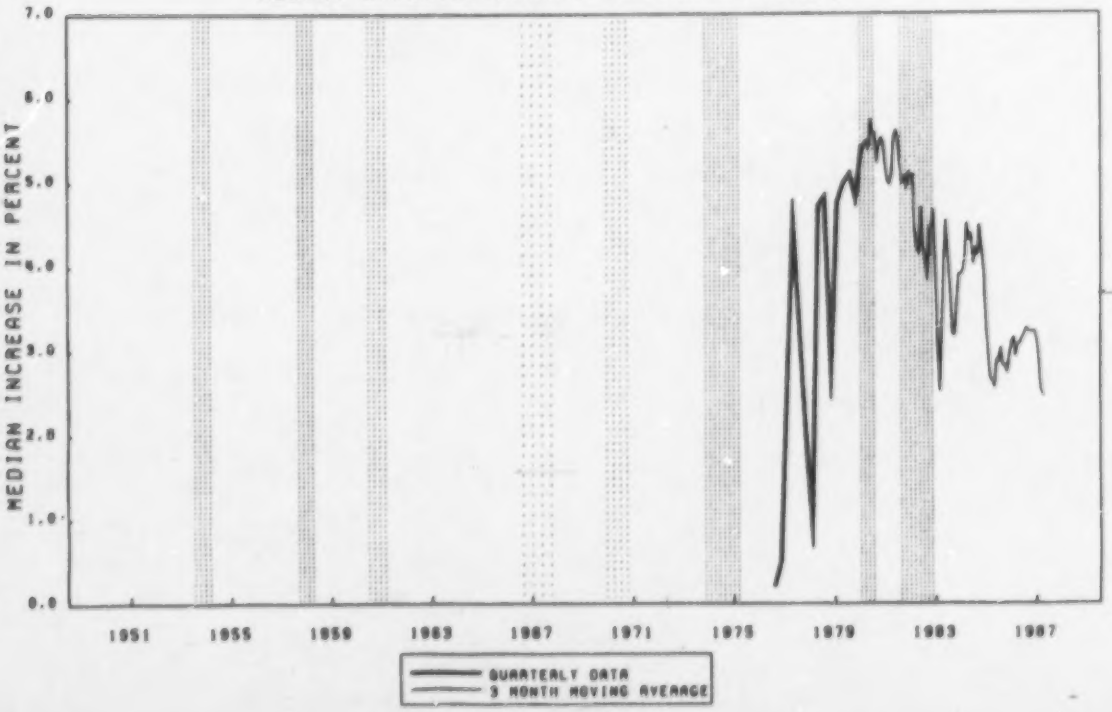


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
EXPECT INCREASE:													
1-4%	13%	16%	15%	15%	16%	16%	14%	17%	18%	16%	15%	17%	15%
5%	9	9	11	12	11	15	12	13	12	11	12	11	9
6-9%	8	10	8	8	7	7	6	9	8	8	5	7	8
10-24%	19	15	15	17	14	15	19	15	14	17	15	11	19
25% or more	7	6	7	8	9	4	7	6	6	6	6	5	5
DK how much up	3	3	3	4	5	3	3	4	4	4	6	6	4
EXPECT SAME	25	25	25	22	24	26	26	23	26	25	27	28	27
EXPECT DOWN	15	14	14	14	13	13	12	12	12	12	14	15	13
DK,NA	1	2	2	*	1	1	1	1	*	1	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

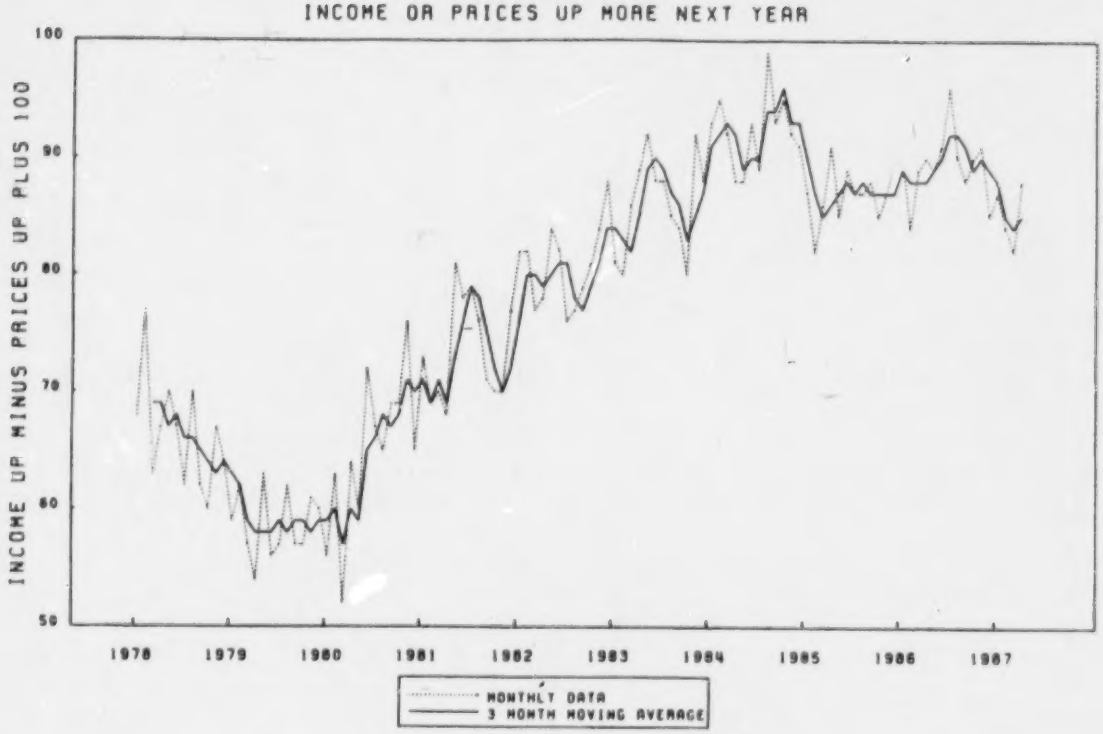


CHART 9 - HISTORICAL SERIES

INCOME OR PRICES UP MORE NEXT YEAR

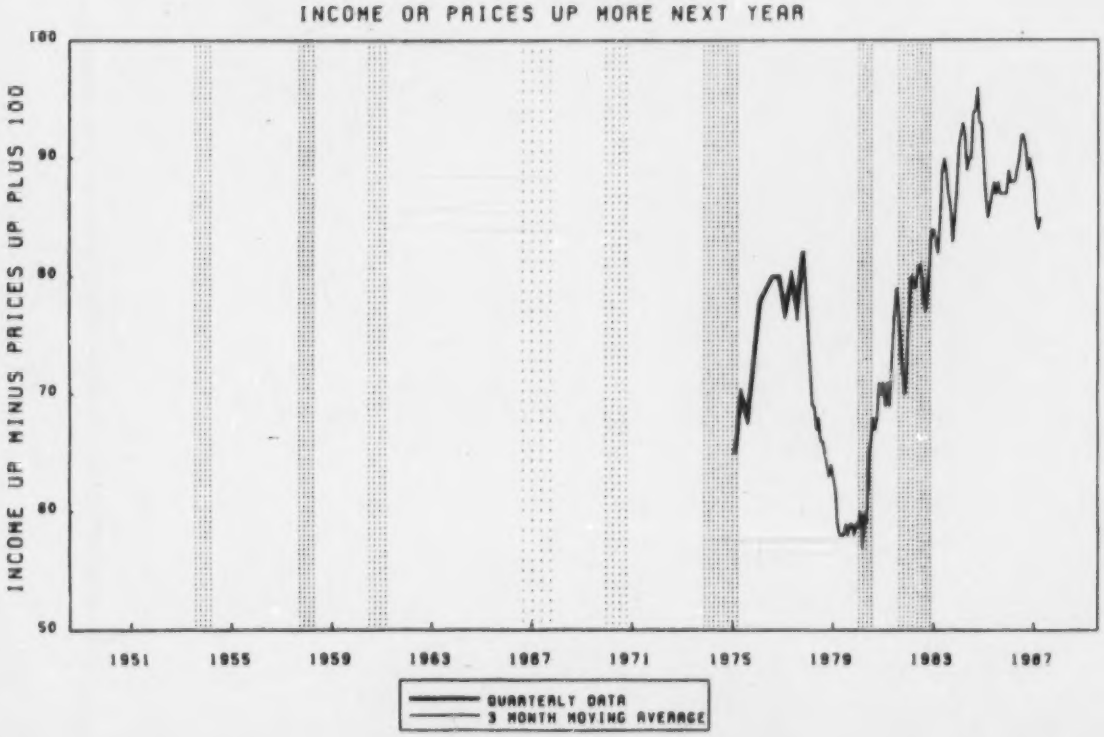


TABLE 9 -

EXPECTED CHANGE IN REAL FAMILY INCOME

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
INCOME UP MORE	21%	21%	23%	24%	22%	20%	22%	21%	19%	22%	20%	18%	21%
INCOME UP SAME	45	44	43	47	44	47	45	47	45	41	42	44	44
PRICES UP MORE	31	32	32	28	32	32	32	30	34	35	36	36	33
DK,NA	3	3	2	1	2	1	1	2	2	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

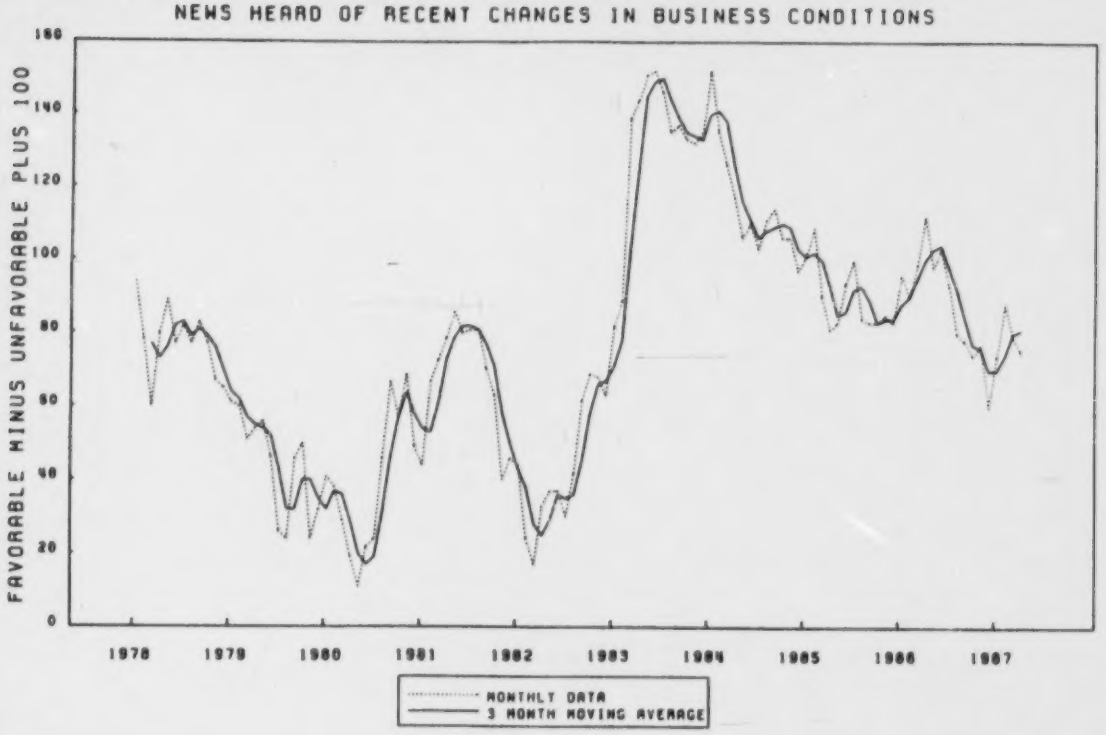


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

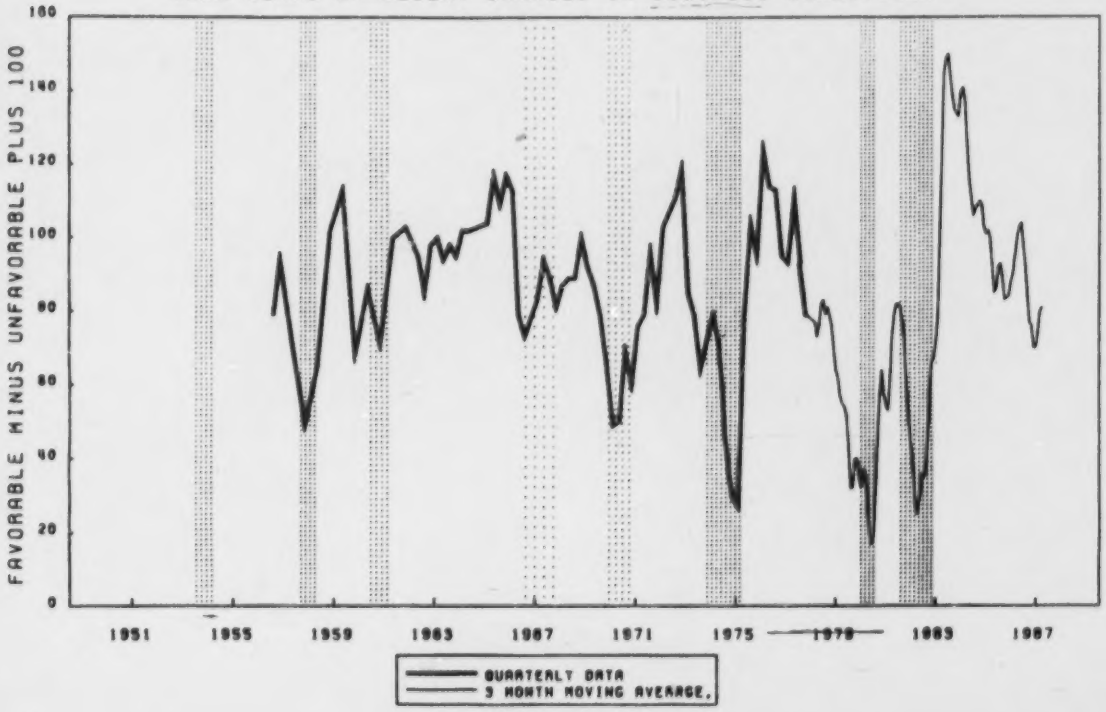


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
FAVORABLE NEWS	55%	42%	42%	37%	33%	29%	26%	30%	22%	26%	36%	27%	27%
UNFAVORABLE NEWS	43	44	39	44	53	51	52	53	62	52	48	48	52
NO MENTIONS	38	44	46	45	44	49	48	47	44	44	45	49	46

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

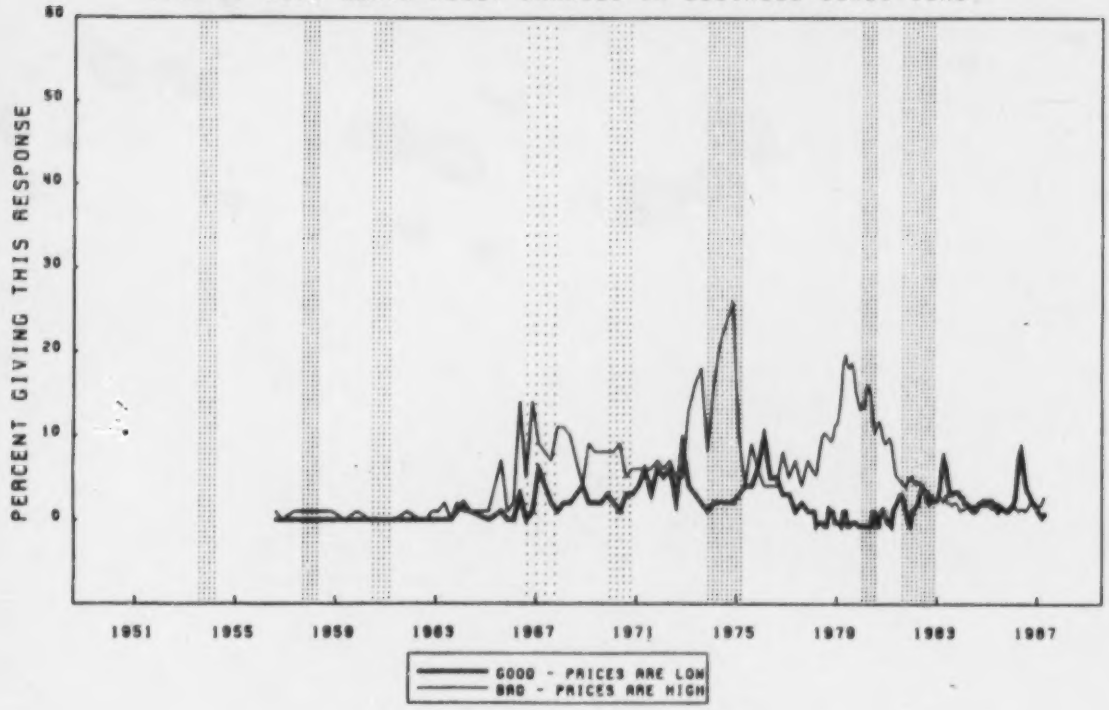


CHART 11B - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

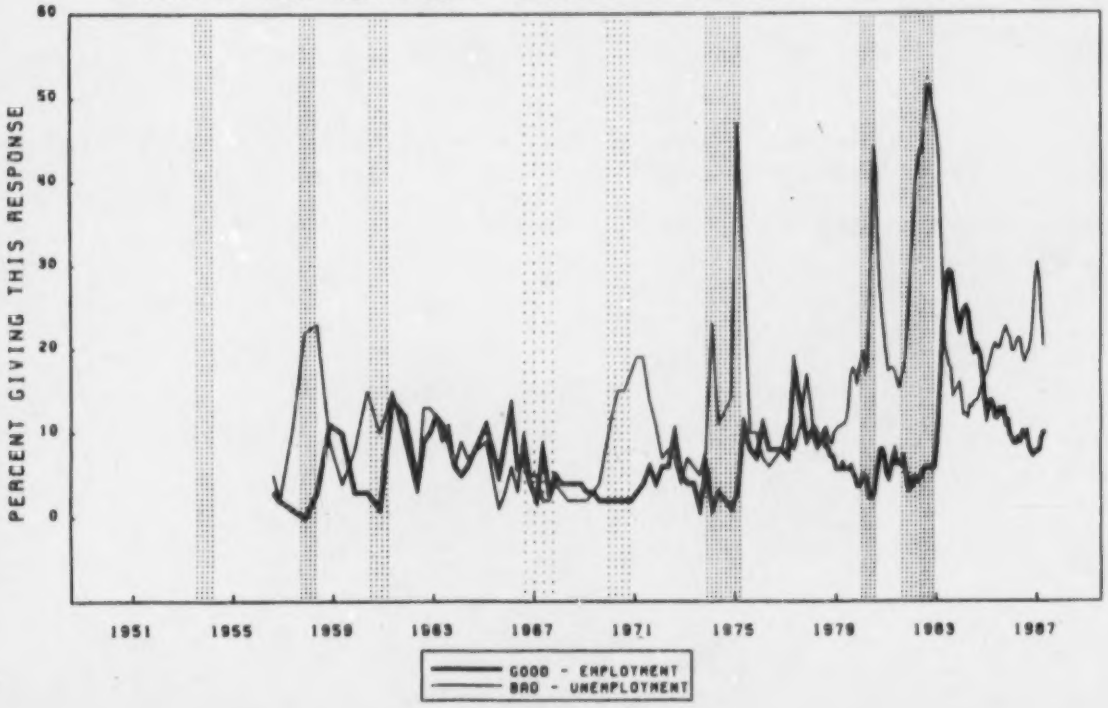


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
FAVORABLE NEWS:													
Government; elections	1%	2%	3%	3%	2%	2%	1%	3%	1%	2%	2%	2%	3%
Employment	10	9	11	9	10	6	7	9	7	7	10	11	9
Higher consumer demand	3	2	2	1	3	2	3	2	2	3	3	1	1
Lower prices	11	6	3	4	3	2	2	2	1	*	1	*	1
Easier credit	17	11	9	11	7	11	8	5	5	5	6	4	2
UNFAVORABLE NEWS:													
Government; elections	3	3	4	5	5	6	8	6	8	9	5	7	7
Unemployment	20	20	18	19	21	19	23	29	33	29	23	20	18
Lower consumer demand	2	3	2	1	2	1	2	2	4	2	3	2	2
Higher prices	1	2	1	*	3	2	2	1	2	1	2	3	3
Tighter credit	1	1	2	1	1	1	*	1	1	1	1	1	4
Energy crisis	*	1	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

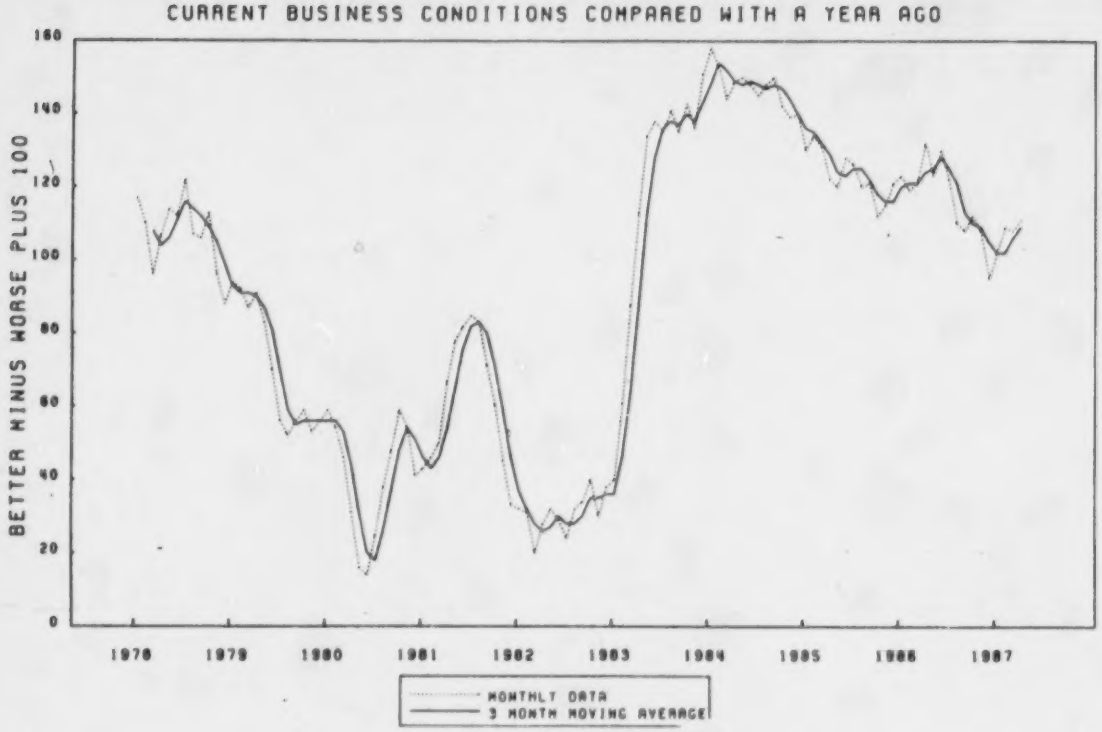


CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

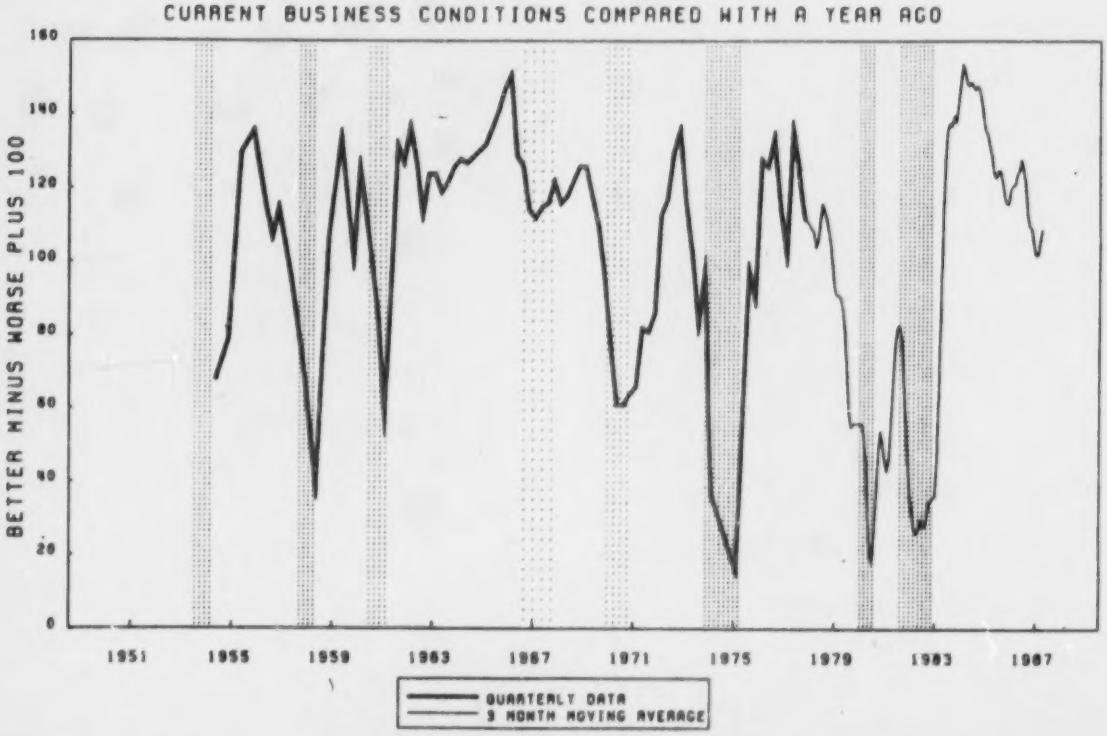


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER NOW	61%	54%	60%	53%	47%	47%	47%	45%	40%	43%	47%	45%	46%
SAME	9	13	8	14	14	13	15	16	13	14	14	17	17
WORSE NOW	29	31	30	31	37	39	35	37	45	41	38	37	35
DK,NA	1	2	2	2	2	1	3	2	2	2	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

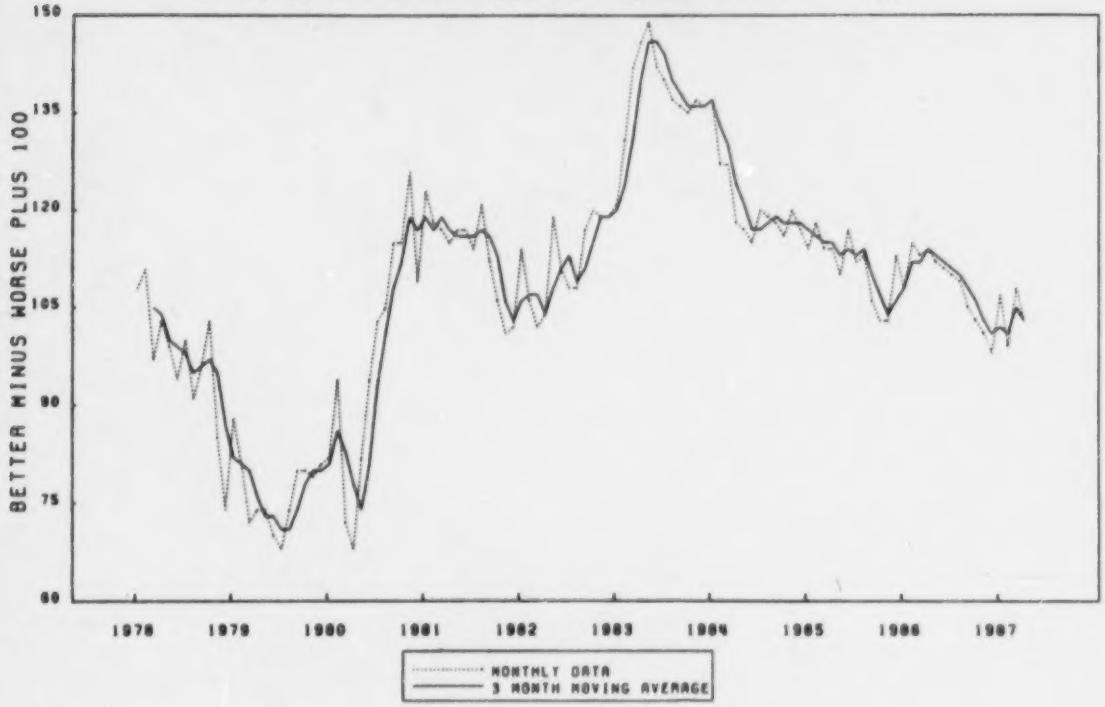


CHART 13 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

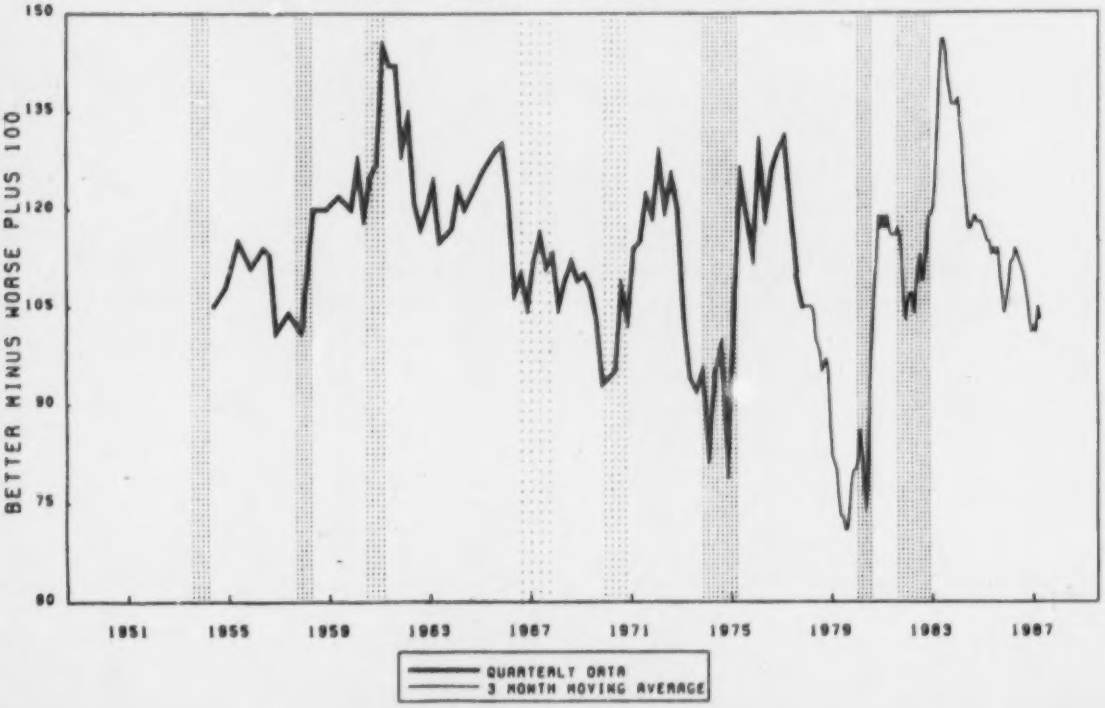


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER	29%	26%	25%	24%	26%	23%	21%	20%	20%	24%	22%	22%	21%
SAME	55	57	60	60	56	55	59	59	56	58	54	61	60
WORSE	15	14	14	14	17	18	18	19	22	17	23	14	18
DK,NA	1	3	1	2	1	4	2	2	2	1	1	3	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

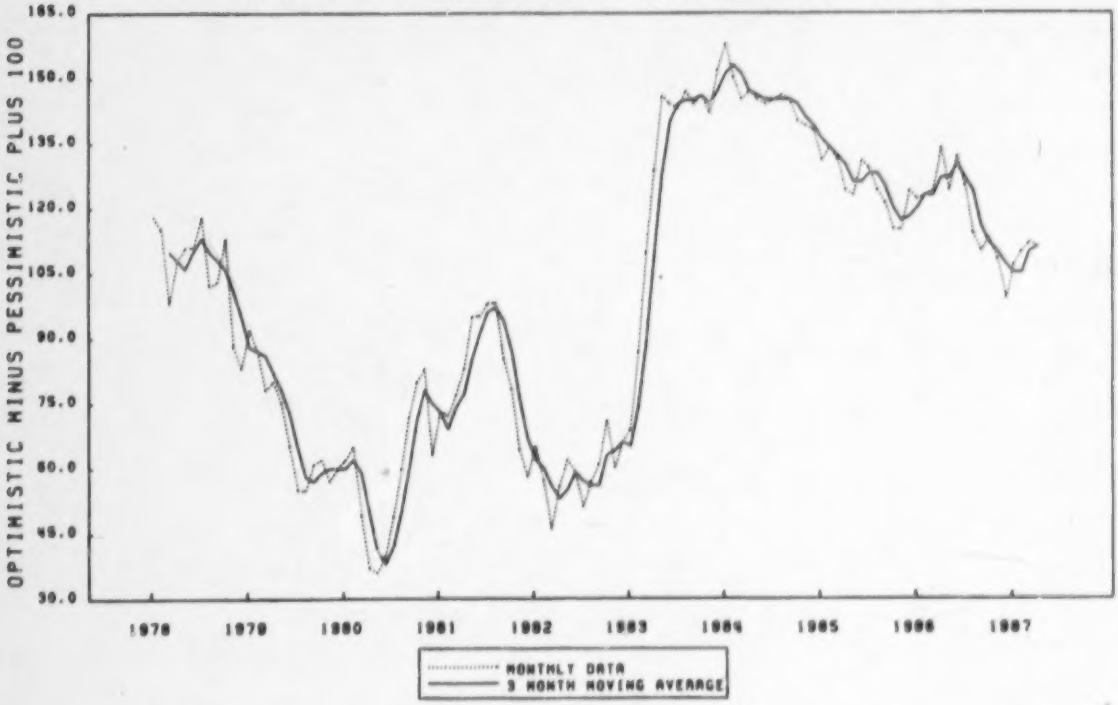


CHART 14 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

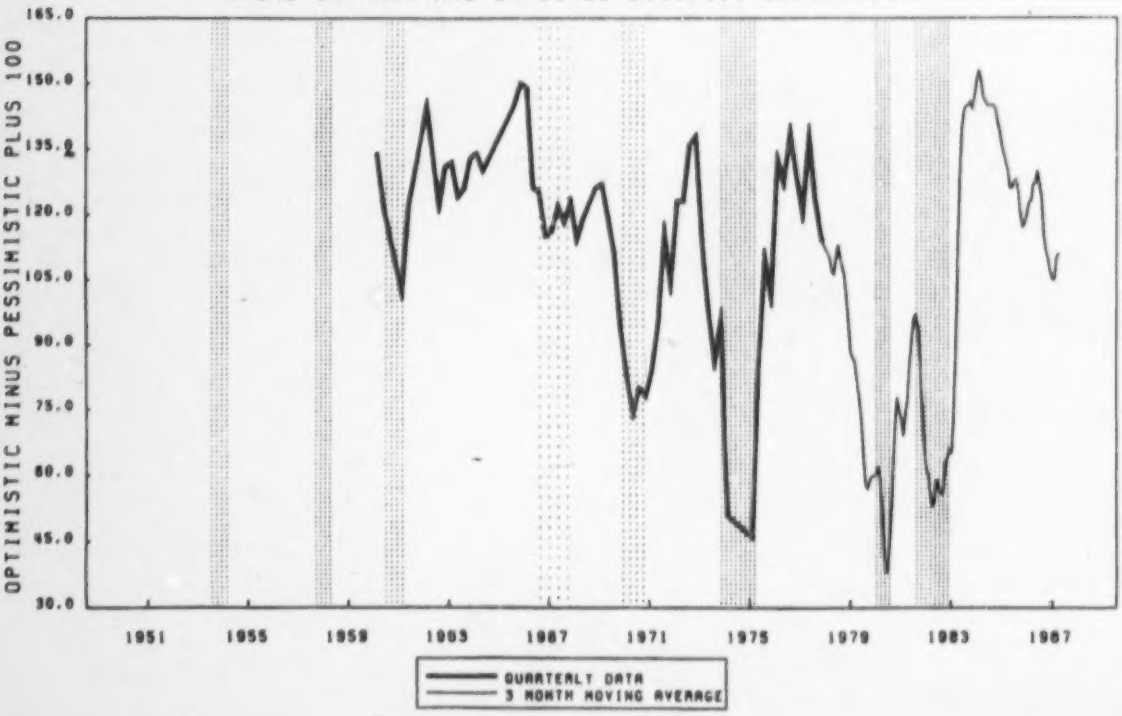


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
TREND:													
Continuous increase (a)	23%	19%	18%	16%	17%	15%	13%	12%	12%	15%	14%	13%	13%
Intermittant increase (b)	35	33	41	36	29	29	31	30	27	27	32	32	30
Remain unchanged (c)	7	8	5	10	10	8	10	10	10	10	7	11	11
Intermittant decline (d)	14	20	17	18	20	22	21	23	23	24	21	23	22
Continuous decline (e)	10	8	10	9	12	12	10	11	17	11	15	10	10
Mixed change (f)	8	9	7	8	9	10	11	11	7	10	9	7	10
DK,NA	3	3	2	3	3	4	4	3	4	3	2	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

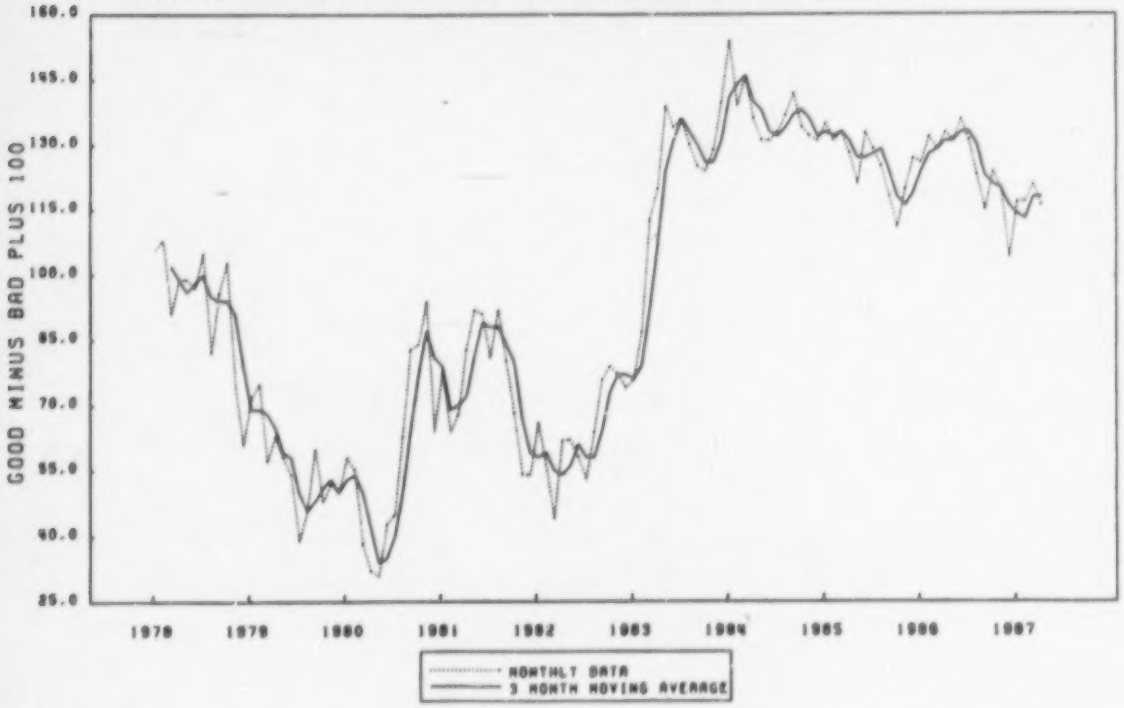


CHART 15 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

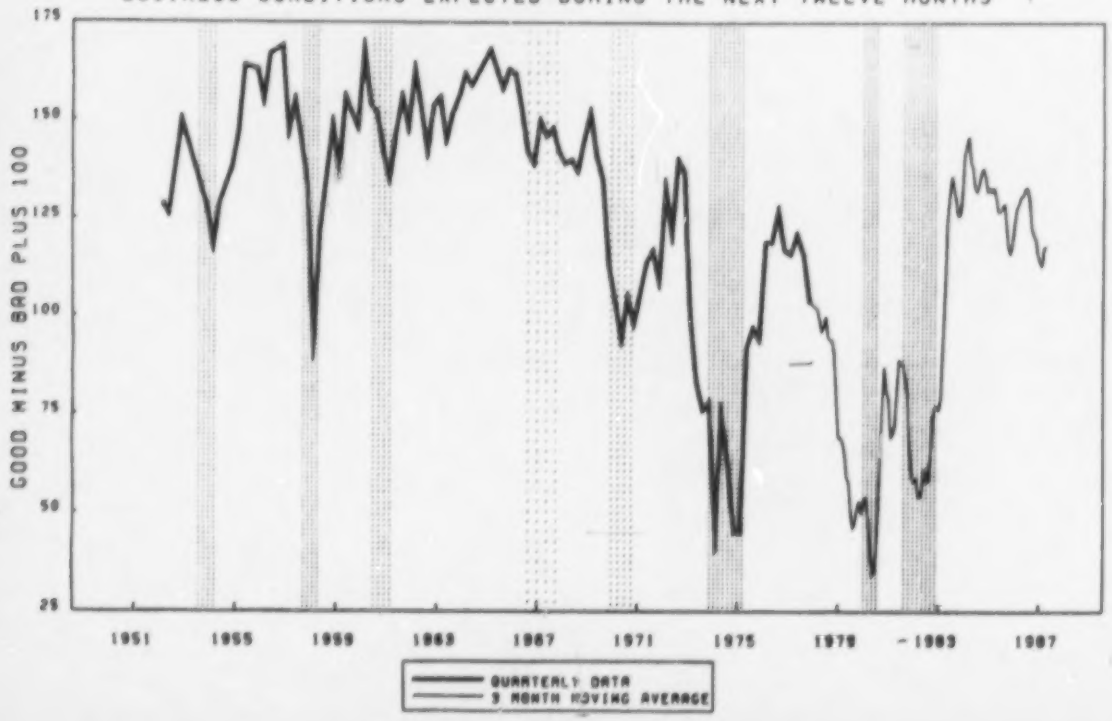


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIMES	61%	60%	62%	61%	55%	50%	55%	53%	45%	53%	53%	55%	51%
UNCERTAIN; GOOD & BAD	2	2	2	3	4	3	3	3	2	3	1	2	2
BAD TIMES	28	29	26	30	32	35	31	33	41	36	36	34	35
DON'T KNOW	6	5	6	4	5	8	4	5	5	4	5	5	8
NOT ASCERTAINED	3	4	4	2	4	4	7	6	7	4	5	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

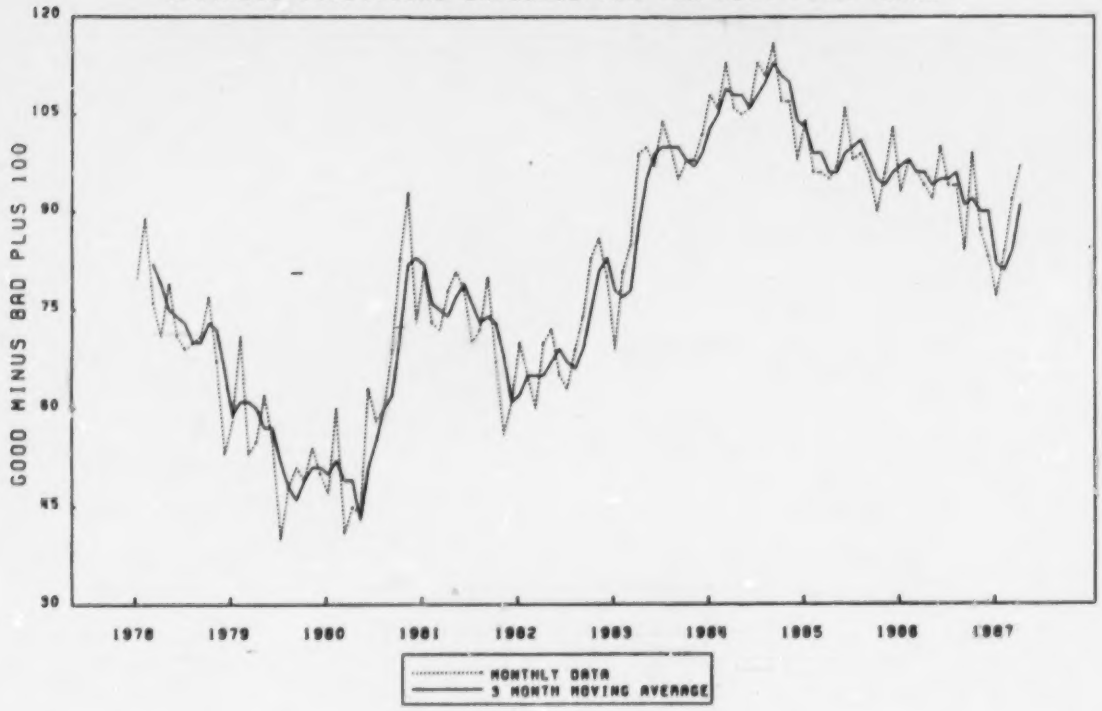


CHART 16 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

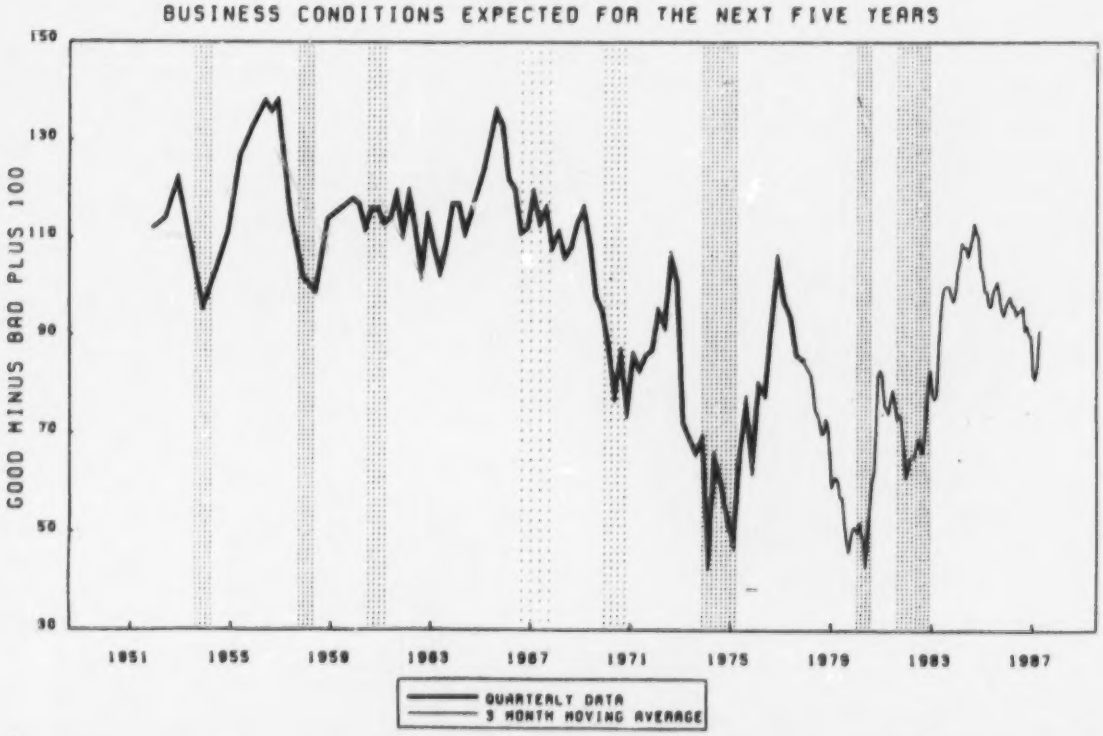


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIMES	36%	37%	40%	38%	39%	33%	41%	35%	33%	30%	34%	39%	41%
UNCERTAIN; GOOD & BAD	18	14	14	13	10	11	13	14	13	13	12	10	9
BAD TIMES	42	45	40	44	45	49	42	48	50	53	50	47	44
NOT ASCERTAINED	4	4	6	5	6	7	4	3	4	4	4	4	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

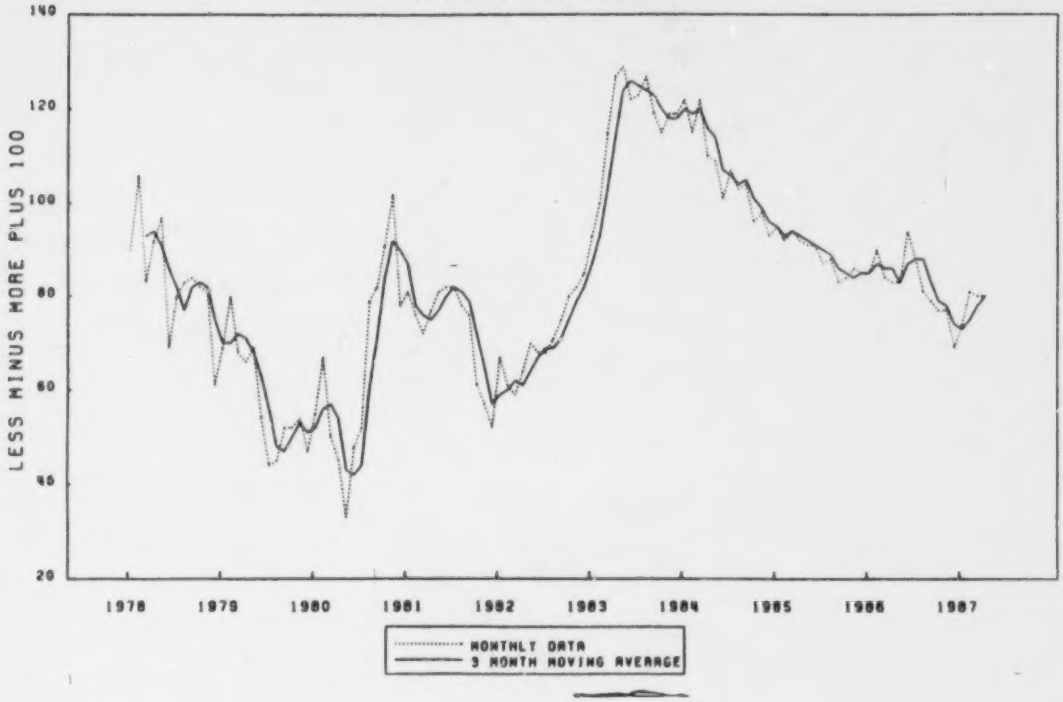


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

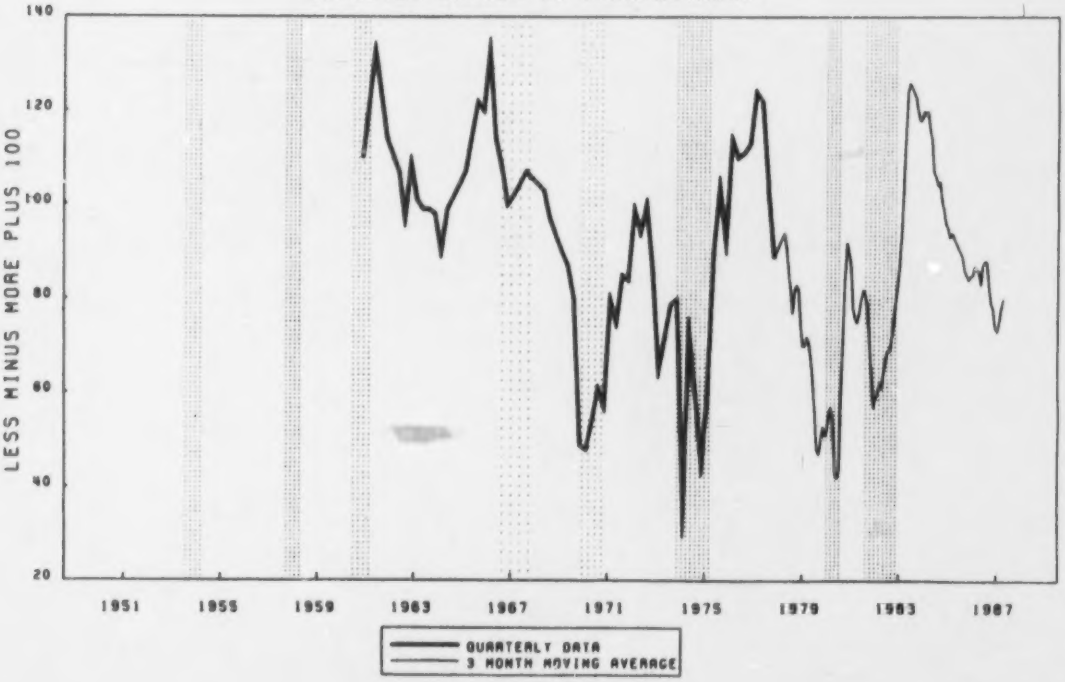


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
LESS	15%	14%	20%	15%	13%	11%	10%	11%	11%	12%	14%	15%	13%
SAME	51	54	53	56	54	54	55	54	46	49	52	48	52
MORE	32	31	26	27	32	32	33	34	42	38	33	35	33
DK,NA	2	1	1	2	1	3	2	1	1	1	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES

EXPECTED CHANGE IN INTEREST RATES

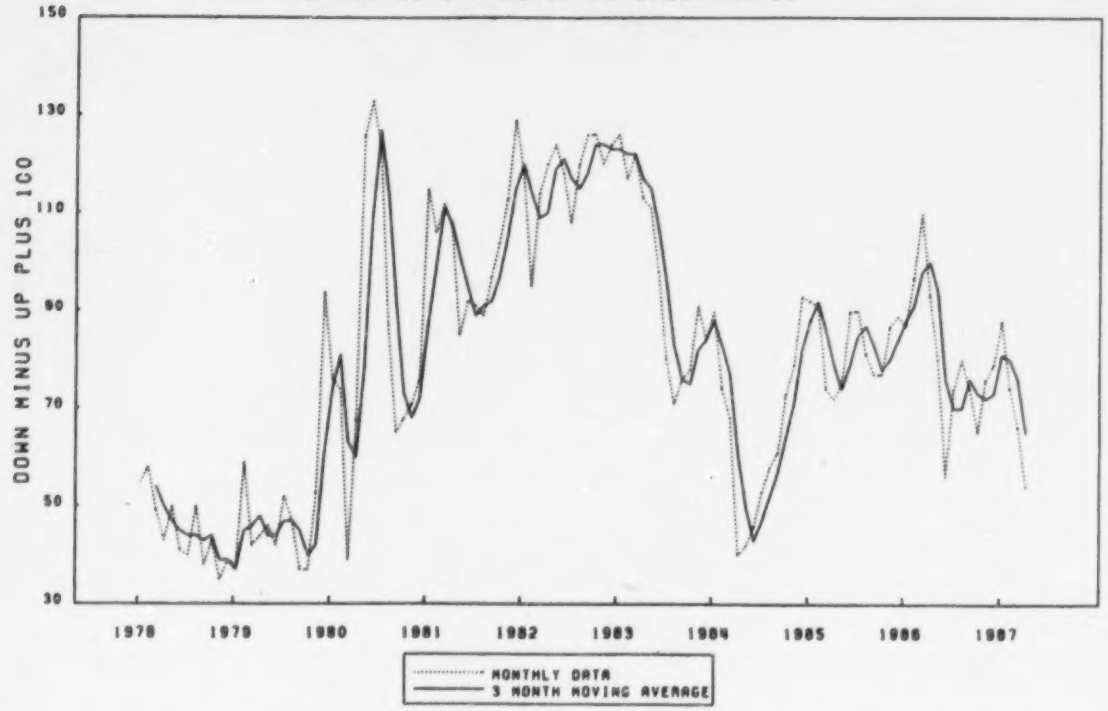


CHART 18 - HISTORICAL SERIES

EXPECTED CHANGE IN INTEREST RATES

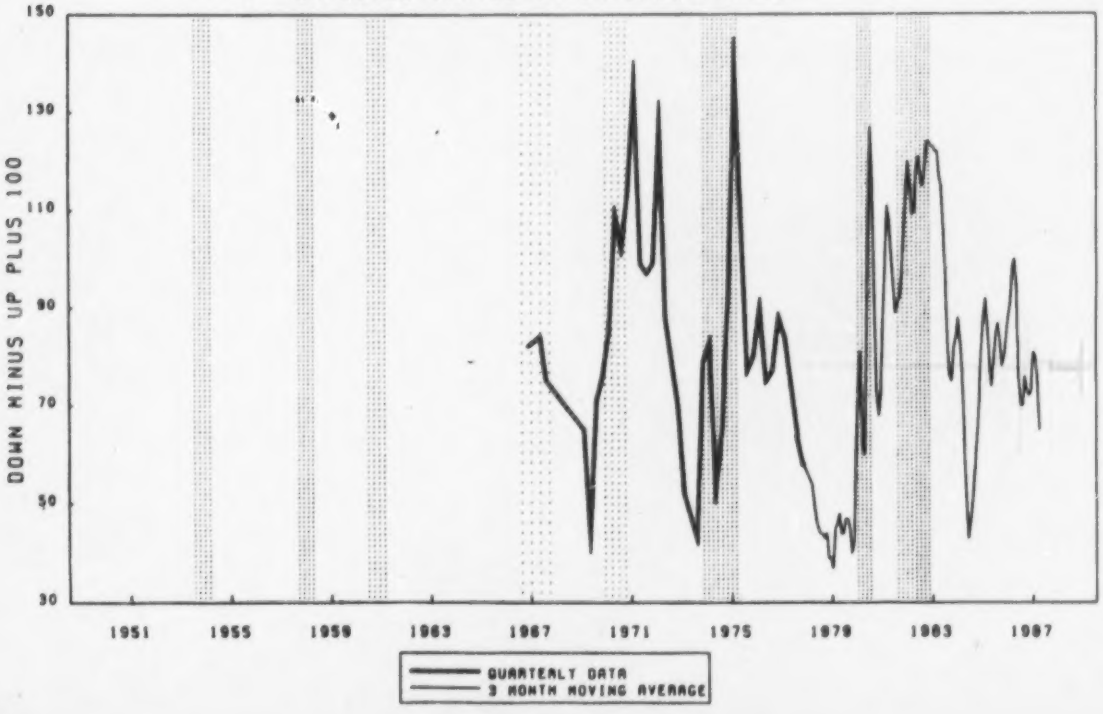


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GO UP	35%	41%	54%	45%	42%	49%	50%	43%	41%	37%	43%	49%	57%
STAY THE SAME	34	35	34	35	34	26	33	37	37	35	38	33	29
GO DOWN	28	21	10	19	22	23	15	19	20	25	17	15	11
DK,NA	3	3	2	1	2	2	2	1	2	3	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

CHART 19 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

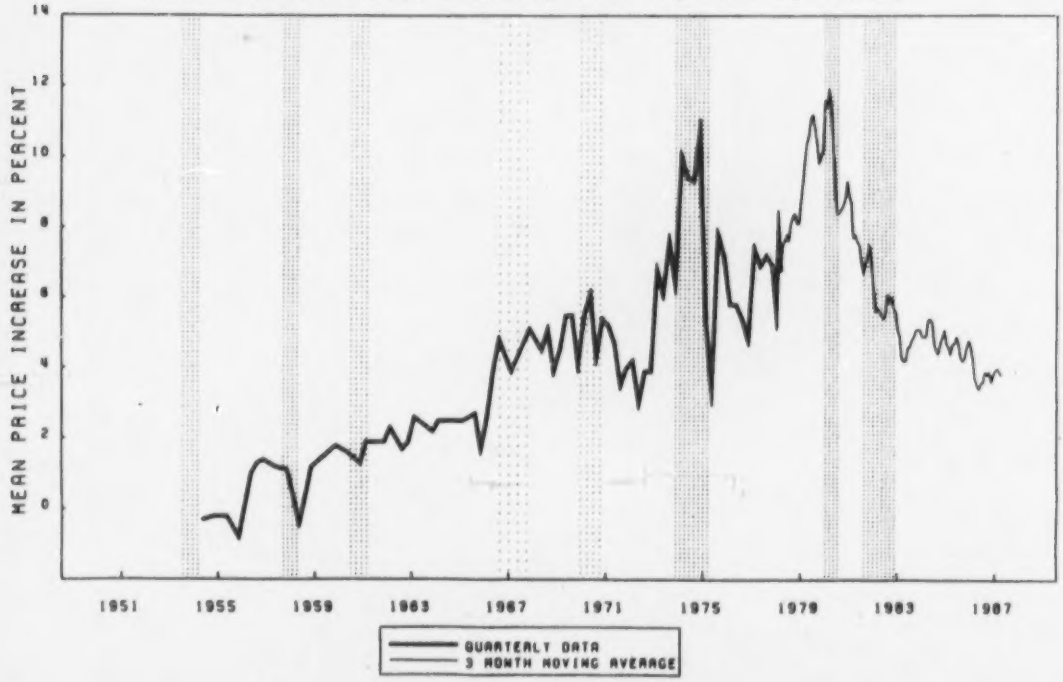


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
SAME OR DOWN	35%	31%	22%	29%	21%	23%	22%	22%	20%	20%	21%	21%	19%
WILL GO UP BY:													
1-2%	15	13	20	13	18	18	17	19	18	18	17	19	19
3-4%	18	22	20	23	24	23	19	25	23	24	21	21	23
5%	11	14	16	16	14	16	21	15	17	14	18	18	16
6-9%	5	5	6	5	7	5	5	6	7	6	5	6	8
10-14%	7	6	6	5	8	5	8	7	6	7	9	5	7
15% or more	4	3	4	4	4	3	2	2	4	4	4	3	2
DK how much up	4	4	5	4	4	6	5	3	4	6	5	6	6
DK,NA	1	2	1	1	*	1	1	1	1	1	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9	4.1	3.6	3.7
VARIANCE	42	27	23	32	38	18	17	28	32	25	26	18	21
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

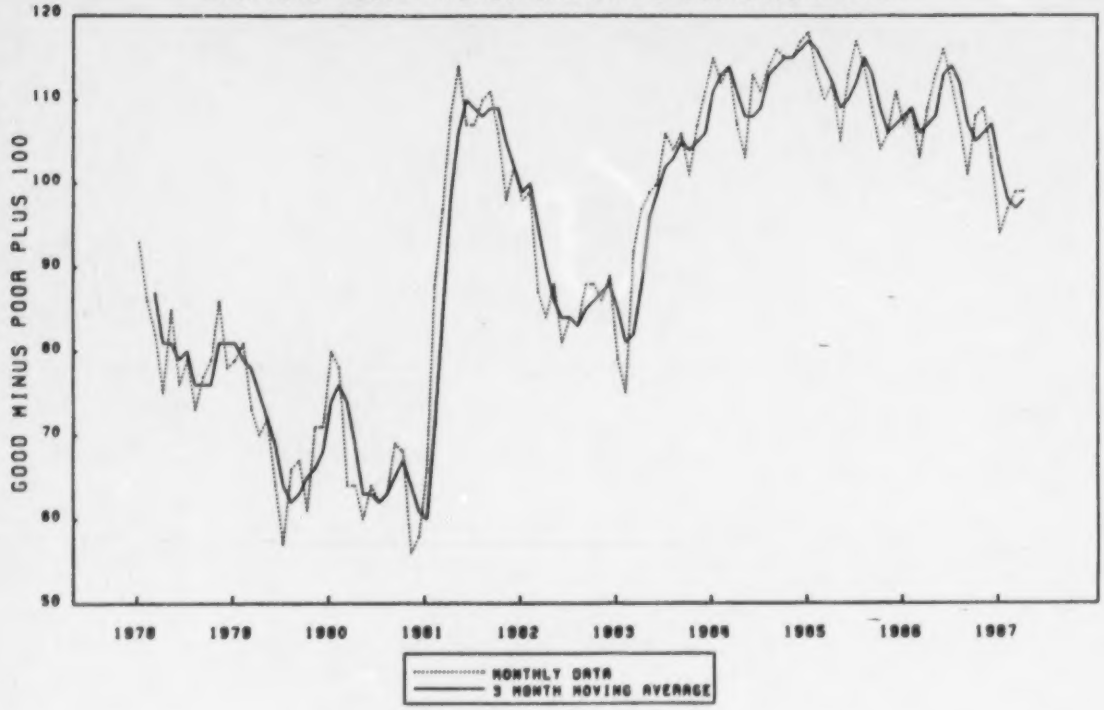


CHART 20 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

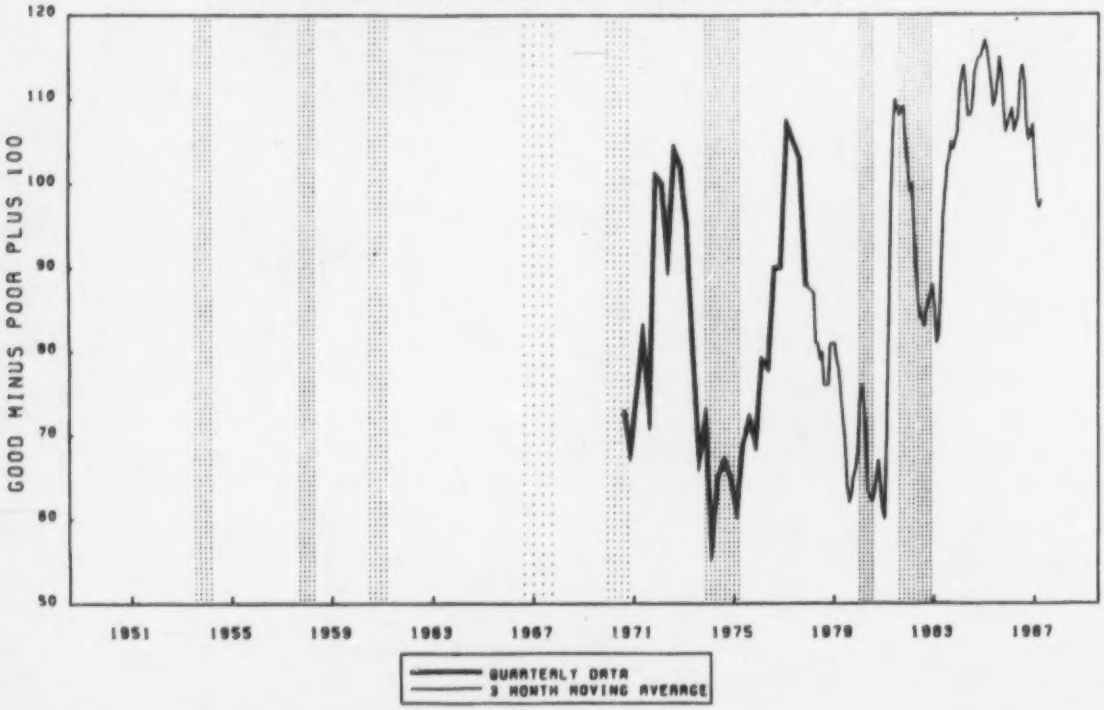


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
A GOOD JOB	29%	30%	33%	29%	28%	22%	27%	28%	26%	20%	23%	23%	21%
ONLY FAIR	50	49	49	52	50	54	52	51	49	52	49	52	55
A POOR JOB	20	17	17	17	21	21	19	19	23	26	26	24	22
DK,NA	1	4	1	2	1	3	2	2	2	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

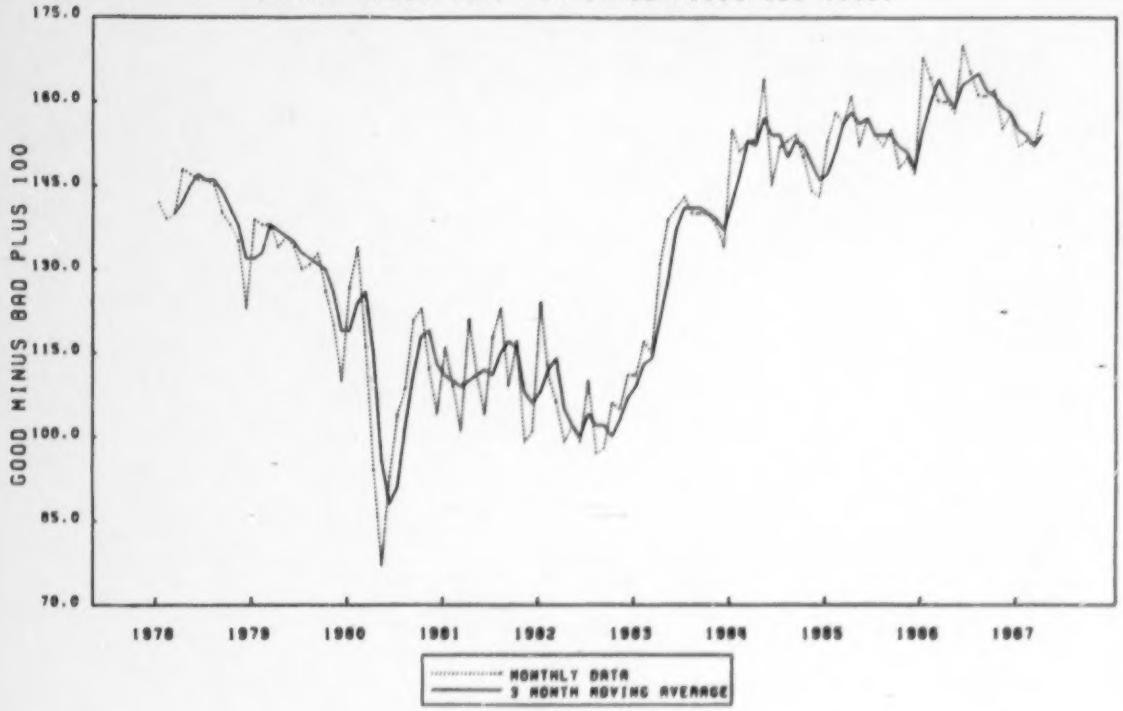


CHART 21 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

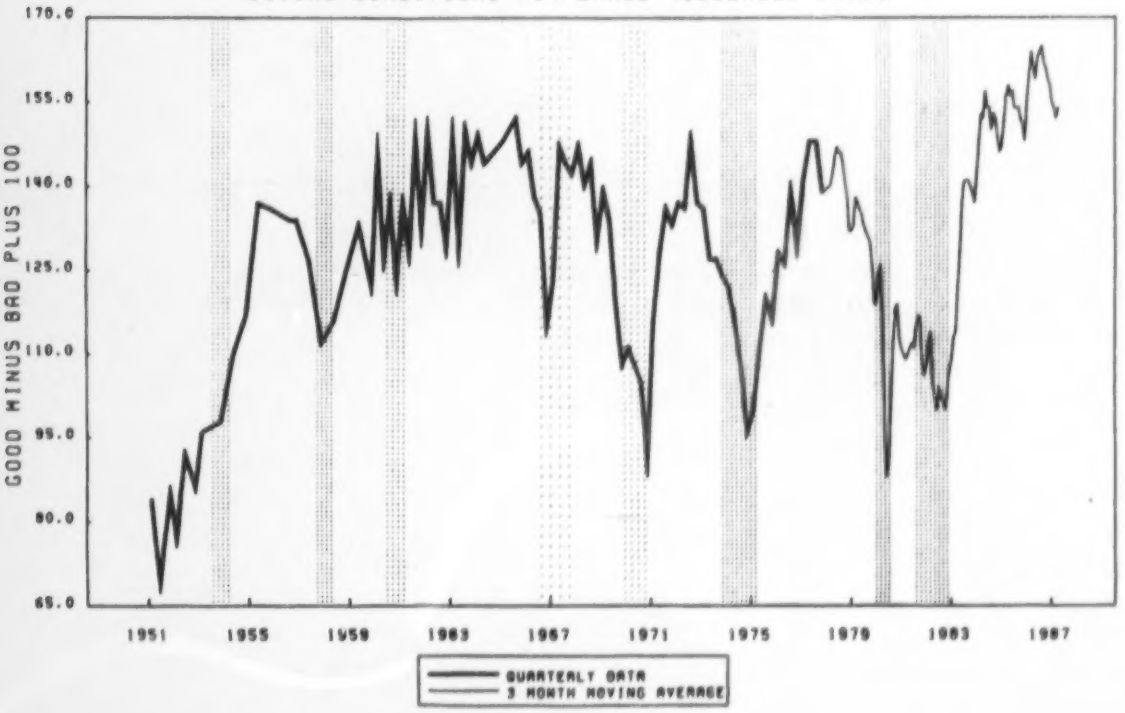


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY	75%	75%	81%	79%	77%	76%	76%	72%	75%	72%	73%	71%	74%
UNCERTAIN, DEPENDS	10	8	8	7	7	9	10	11	8	8	7	10	10
BAD TIME TO BUY	15	17	11	14	16	15	14	17	17	20	20	19	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

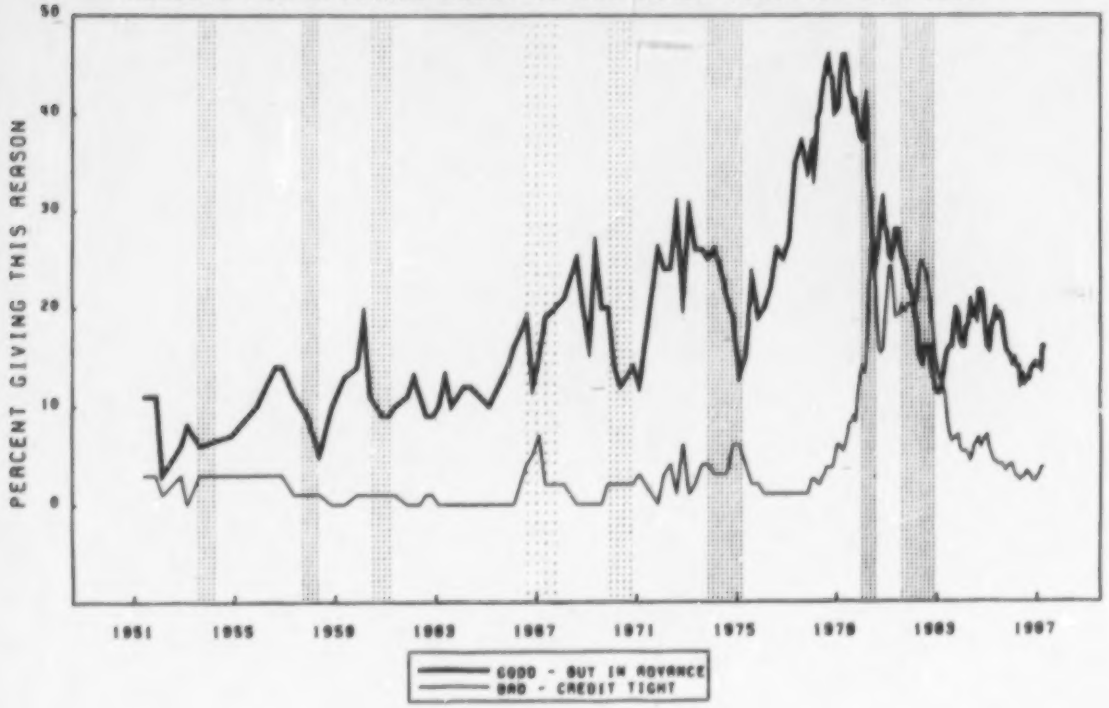


CHART 22B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

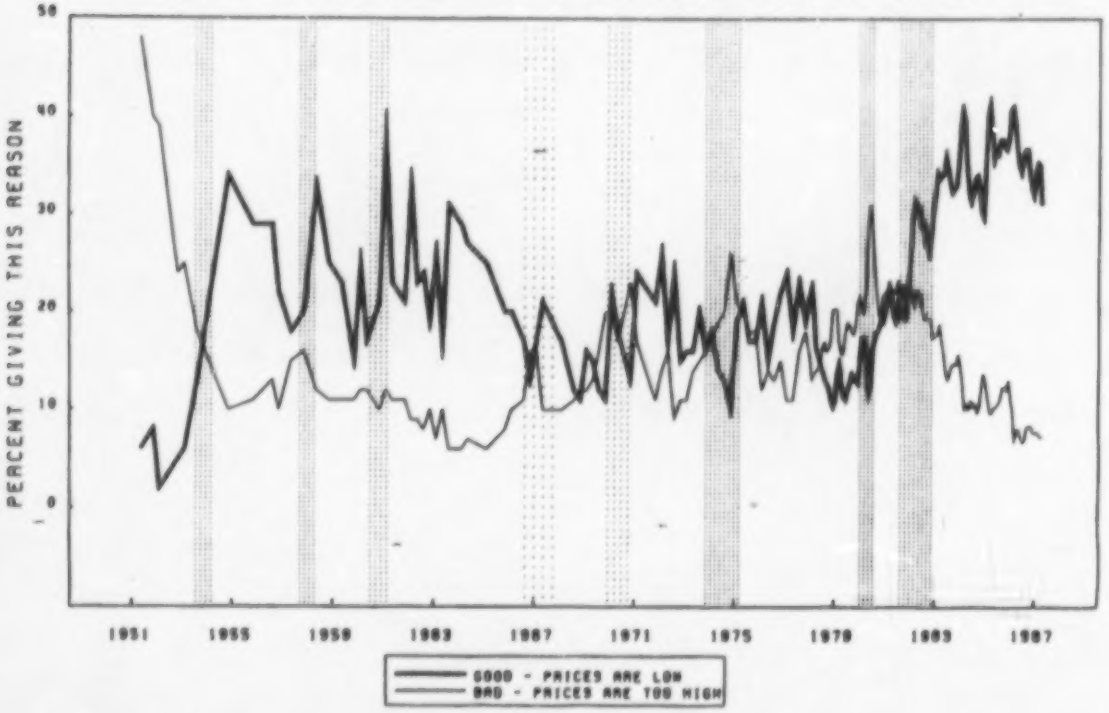


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	35%	33%	35%	40%	35%	35%	33%	30%	33%	40%	33%	32%	29%
Prices won't come down; are going higher	13	12	14	11	13	14	14	14	15	13	14	14	20
Interest rates low; credit is easy	29	31	31	26	26	29	26	25	18	20	21	23	21
BAD TIME TO BUY:													
Prices are high	9	7	6	7	8	10	7	8	8	7	8	7	7
Interest rates are high; credit is tight	3	2	3	3	4	2	2	3	2	3	4	4	3
Lack of purchasing power	7	9	5	6	7	8	7	8	6	8	7	8	5

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

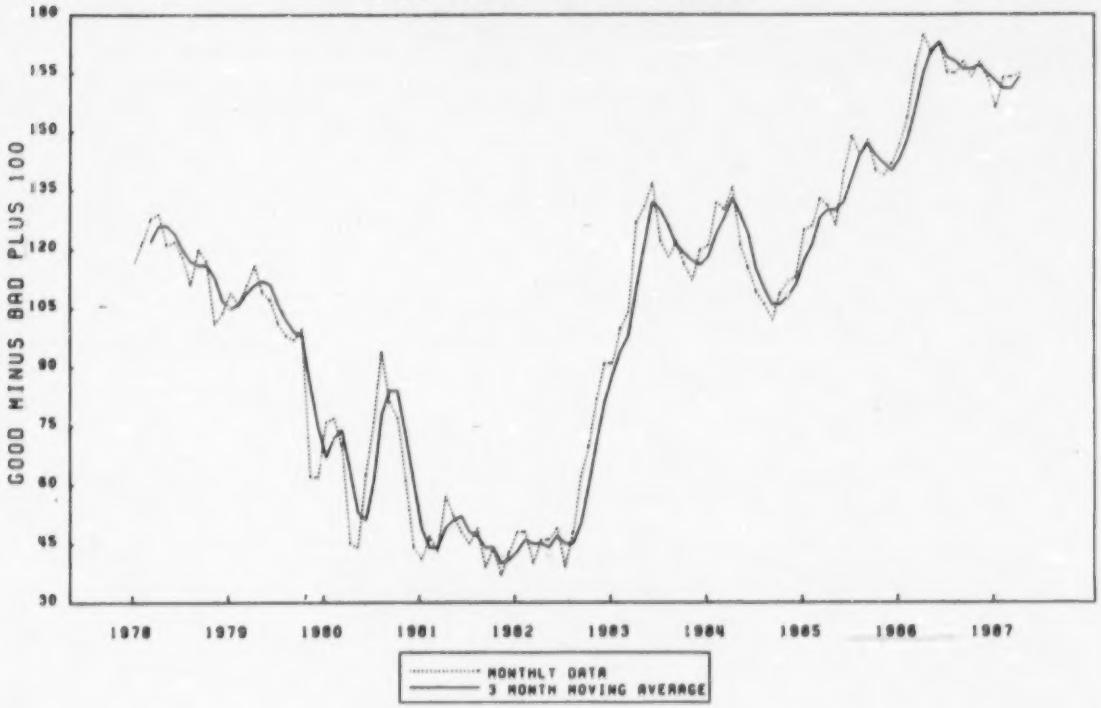


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

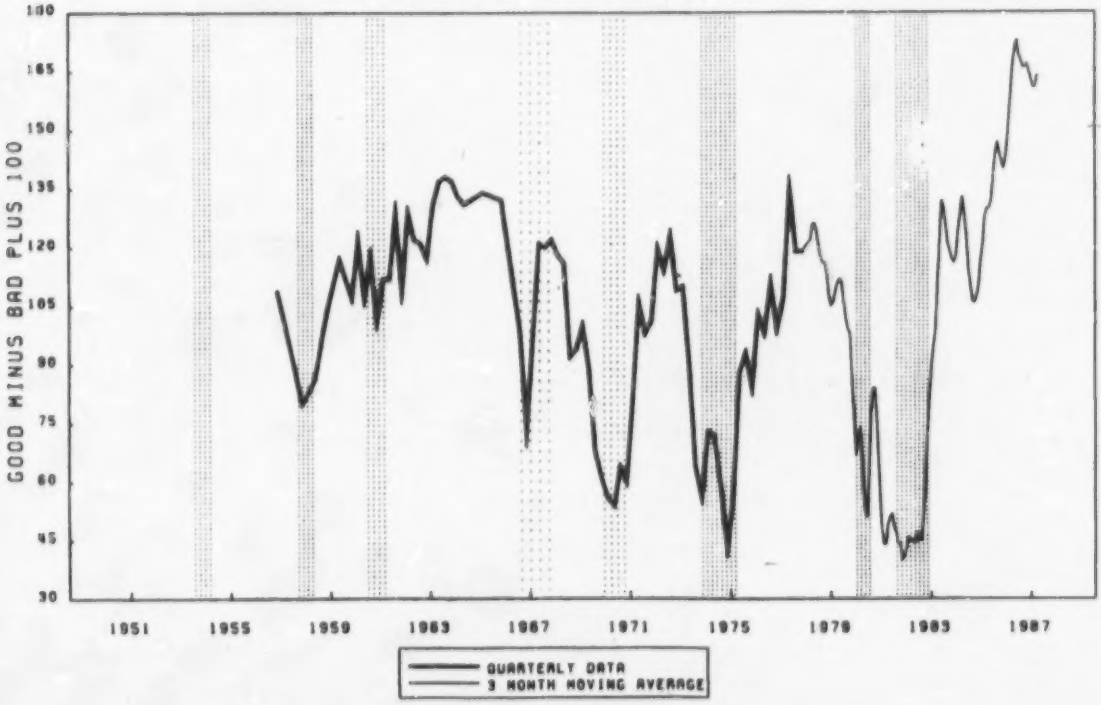


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY	86%	83%	86%	82%	81%	83%	81%	83%	80%	76%	81%	80%	82%
UNCERTAIN, DEPENDS	3	4	1	1	3	2	2	2	4	4	2	4	1
BAD TIME TO BUY	11	13	13	17	16	15	17	15	16	20	17	16	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

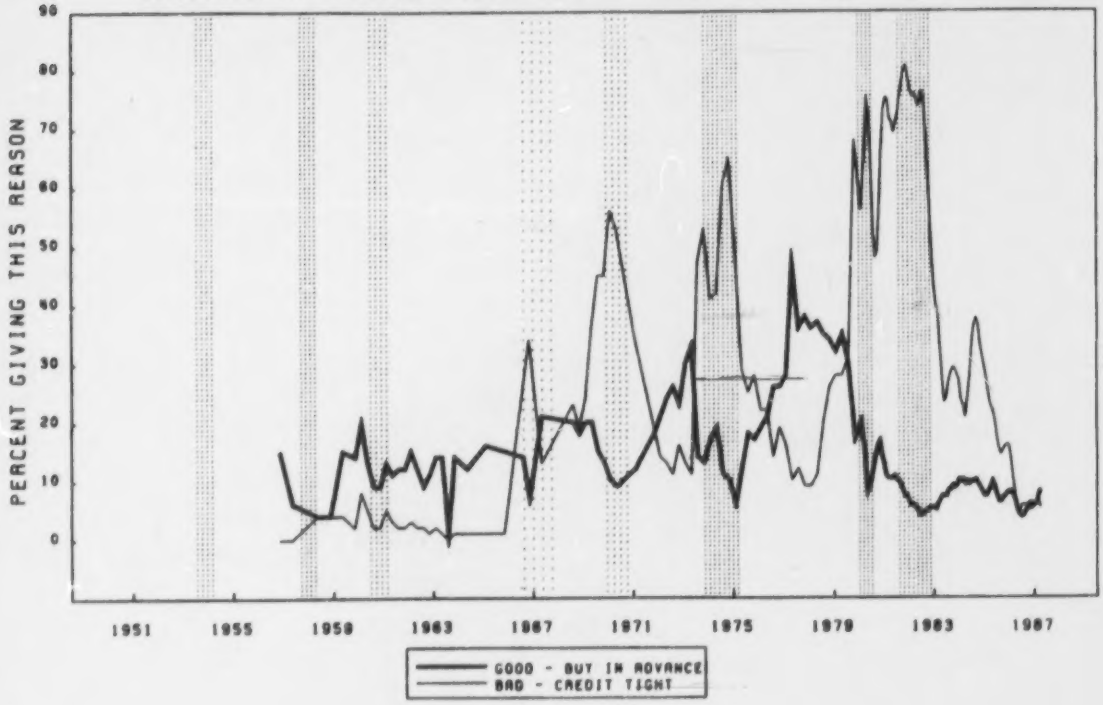


CHART 24B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

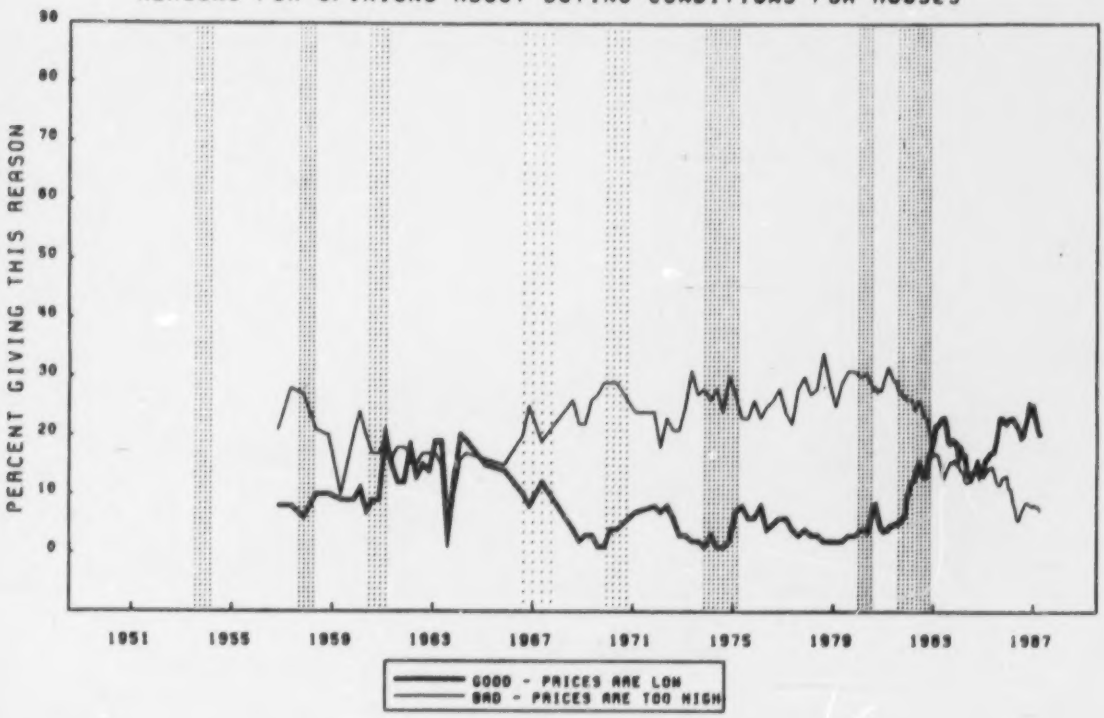


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	20%	21%	18%	21%	26%	22%	27%	23%	24%	21%	19%	21%
Prices won't come down; are going higher	5	3	4	4	4	6	6	6	6	5	7	8	9
Interest rates low; credit is easy	83	80	83	77	78	79	75	75	73	69	74	71	71
Good investment	3	3	3	5	3	5	6	5	6	6	3	6	7
BAD TIME TO BUY:													
Prices are high	5	6	6	9	8	9	9	7	8	10	6	8	8
Interest rates are high; credit is tight	4	5	5	7	5	5	5	5	5	7	6	6	4
Lack of purchasing power	6	6	6	7	8	6	8	8	7	9	8	6	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

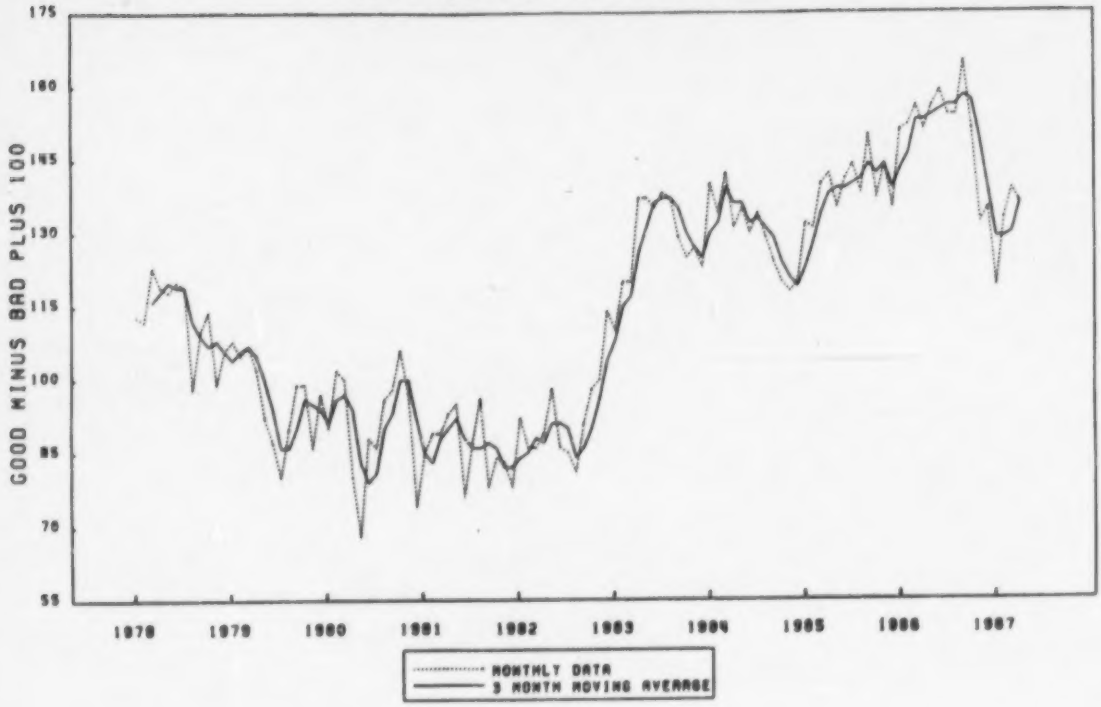


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

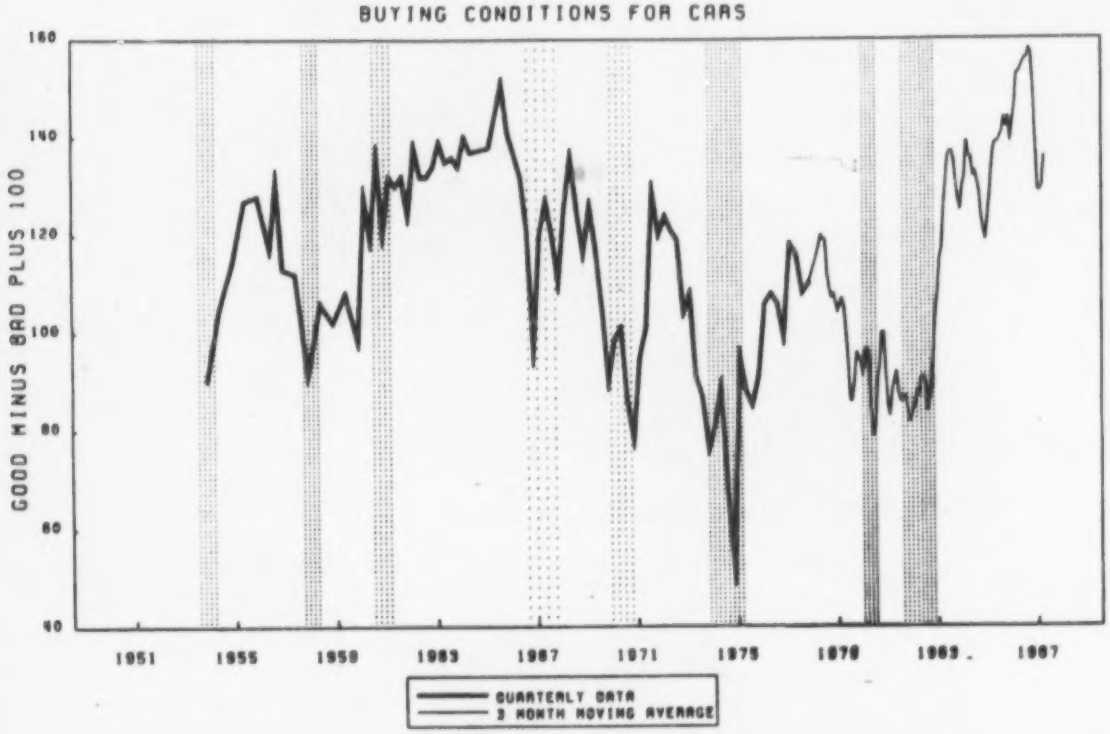


TABLE 25

BUYING CONDITIONS FOR CARS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY	73%	75%	77%	74%	73%	81%	72%	63%	64%	55%	62%	66%	64%
UNCERTAIN; DEPENDS	5	6	5	6	8	3	7	6	7	9	9	7	8
BAD TIME TO BUY	22	19	18	20	19	16	21	31	29	36	29	27	28
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

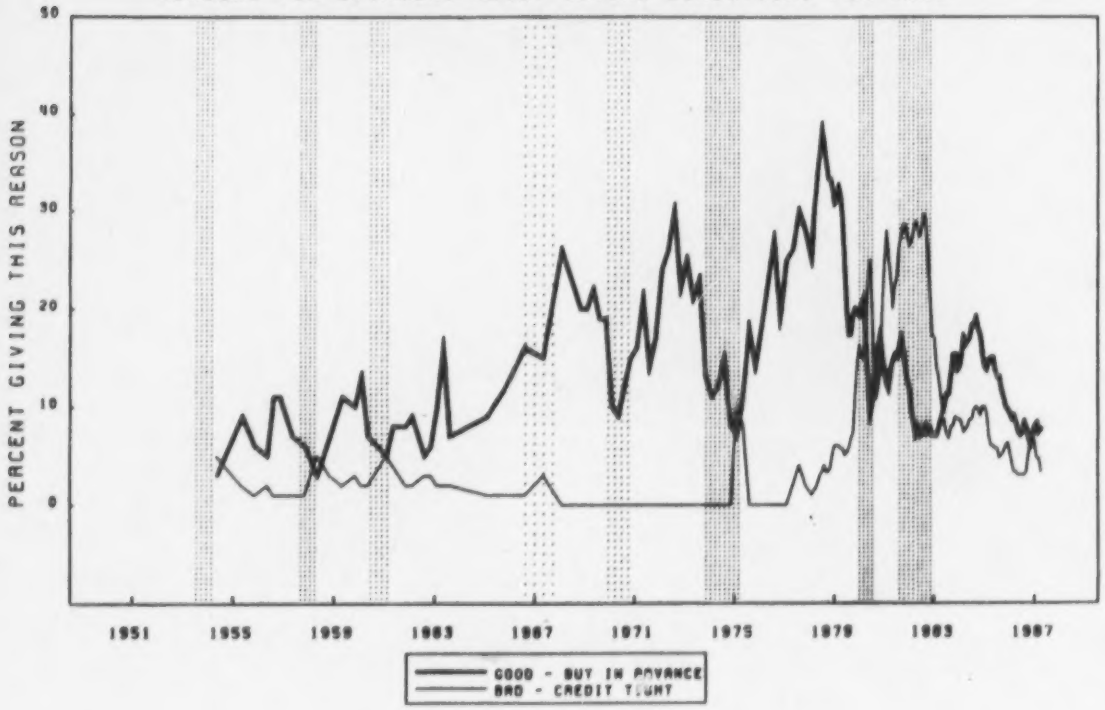


CHART 26B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

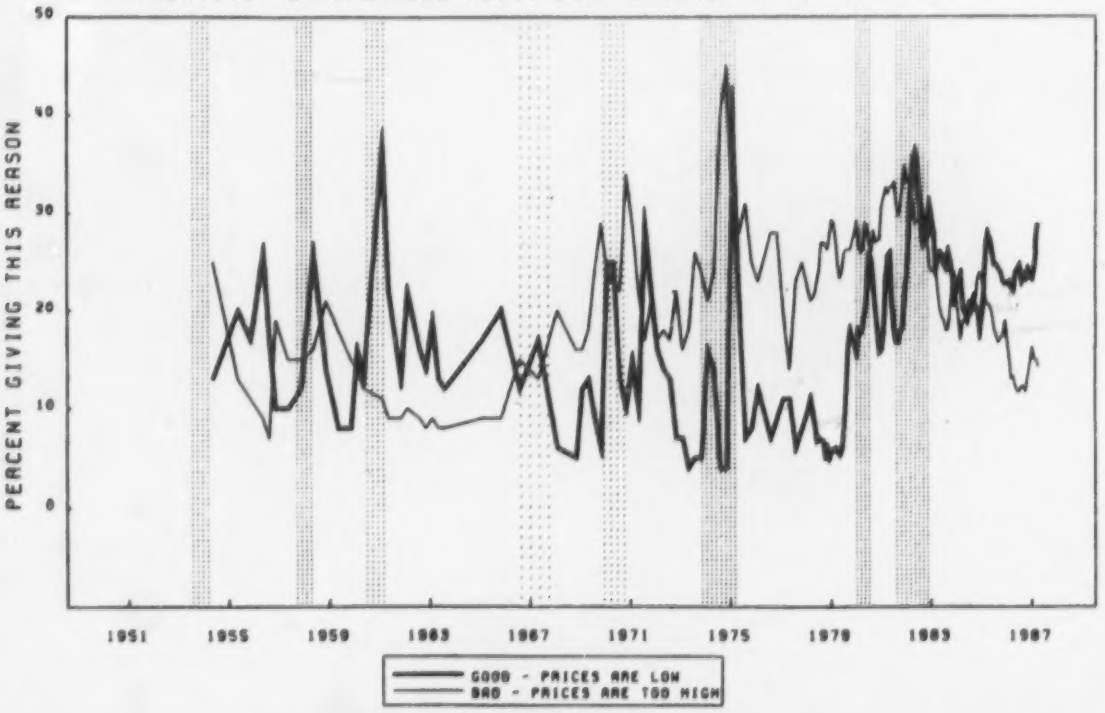


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	28%	23%	23%	23%	25%	22%	26%	23%	21%	29%	29%	28%
Prices won't come down; are going higher	7	6	8	8	9	6	5	7	9	8	8	6	9
Interest rates low; credit is easy	54	58	62	53	52	73	58	43	45	34	38	44	40
New fuel efficient models	1	*	*	1	*	*	*	*	*	1	*	*	1
BAD TIME TO BUY:													
Prices are high	14	10	11	14	12	11	12	17	15	17	13	15	15
Interest rates are high; credit is tight	3	3	3	3	3	4	8	9	4	6	4	4	2
Lack of purchasing power	6	6	4	5	5	2	2	4	4	6	6	5	5
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	2	2	2	3	1	1	1	2	2	2	2	2	3

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

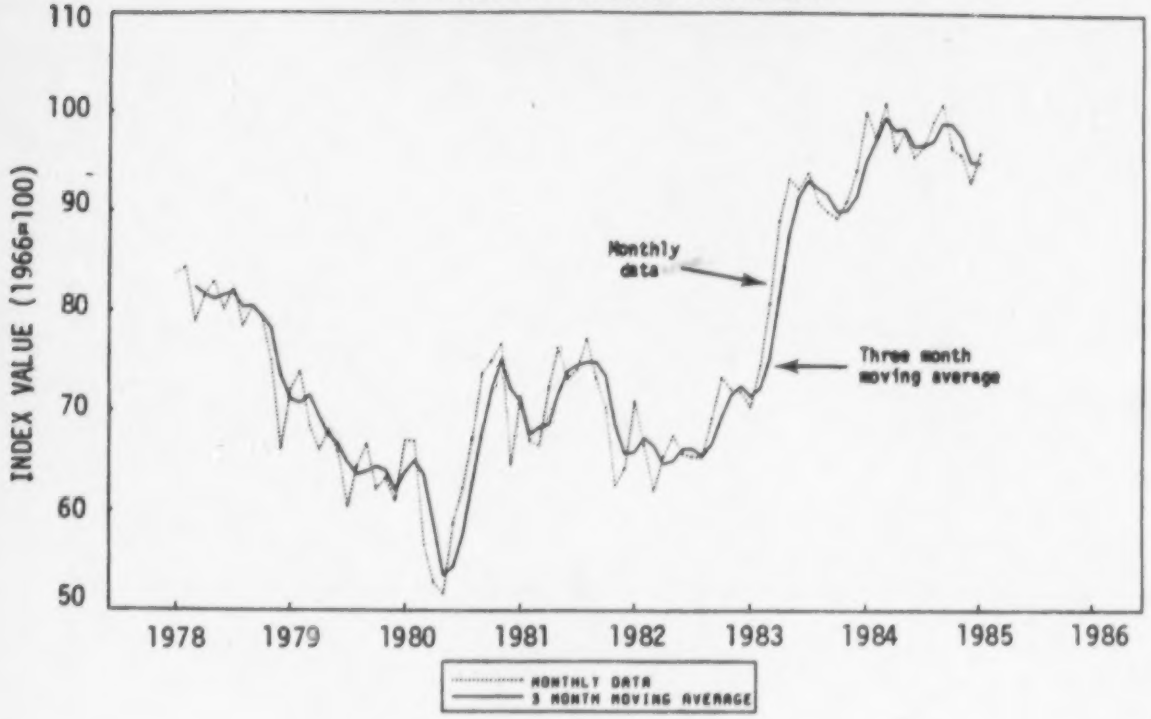
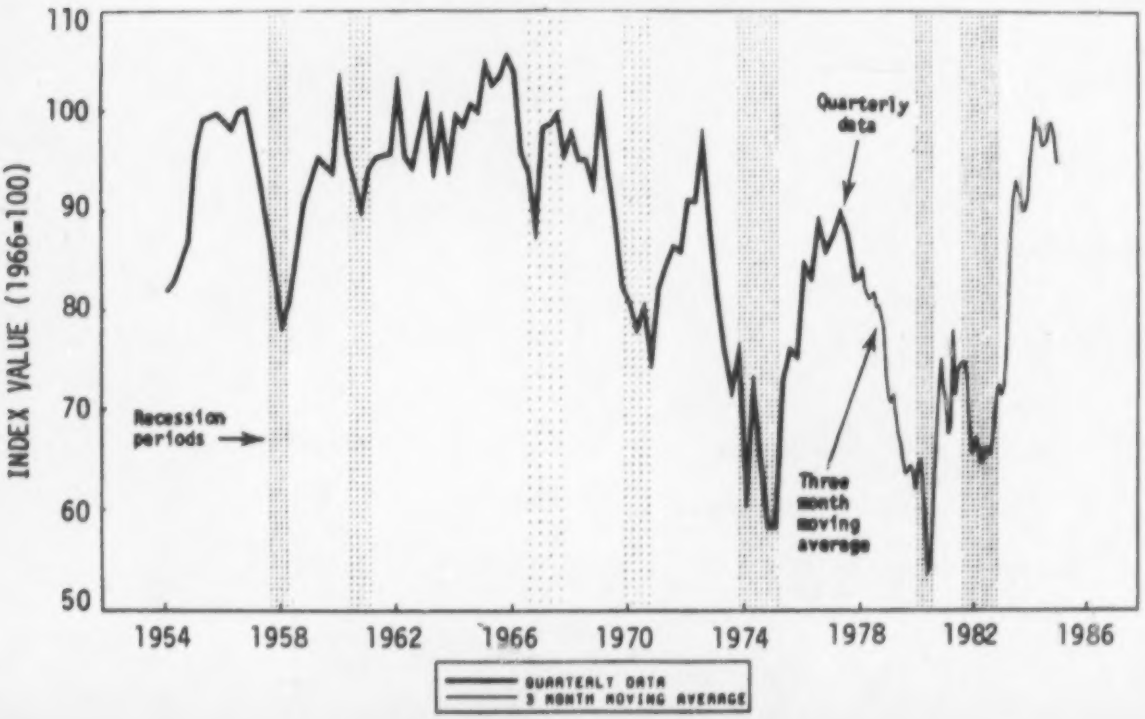


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November	1948	- October	1949
	July	1953	- May	1954
	August	1957	- April	1958
	April	1960	- February	1961
	June	1966	- November	1967*
	December	1969	- November	1970
	November	1973	- March	1975
	January	1980	- July	1980
	July	1981	- November	1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

[a]The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b]Average size of monthly surveys.

[c]Average size of two monthly surveys.

[d]Average size of three monthly surveys (one quarter).